

ANNUAL REPORT
2010



AFRICAN BRICK CENTRE



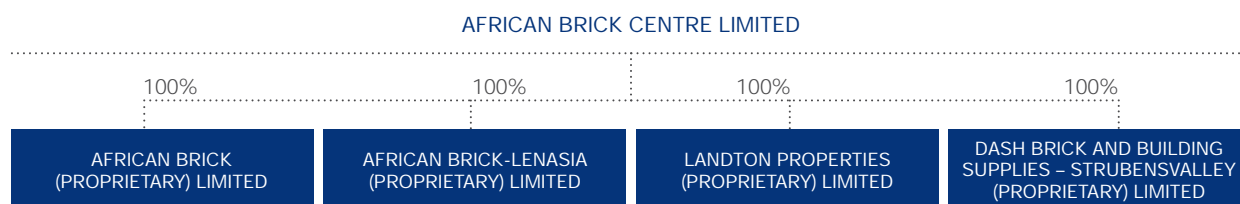
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AFRICAN BRICK CENTRE

GROUP STRUCTURE

Depicted as follows:



The business of African Brick is transacted through its subsidiaries. A description of the activities conducted by these subsidiaries follows.

Manufacturing operations

Landton Properties owns the premises on which the manufacturing facilities of African Brick Krugersdorp are situated. The Krugersdorp facility is 90 hectares in extent and consists of a factory building and an administrative building.

African Brick (Proprietary) Limited, trading as African Brick Krugersdorp

- The core of the current manufacturing facilities at the Krugersdorp factory was built in 1984 and extensively upgraded in 1994. The manufacturing process was designed in-house in 1994.
- Maximum production capacity of 36 million bricks per annum through a computer-controlled tunnel dryer system and a further 24 million bricks can be dried outside. The Company is in the final stage to acquire an additional 10 ha land, next to the Krugersdorp facility, in order to increase drying capacity. This will enable the factory to introduce a second shift, increasing production capacity from 36 million to 54 million bricks in the medium term.
- The Krugersdorp facility is the closest FBA manufacturing facility to Rustenburg and the West Rand.
- The nature of the clay reserves allows the factory to produce a brick with a dark blue colour. No other manufacturer can duplicate the features of this product, which commands a premium price whilst the recession had little impact on demand.
- In 1996 the mining rights to the nearby Syferfontein clay deposit were acquired. The raw material (clay) resource at the Syferfontein mine, 100 hectares in extent, is of an exceptionally high quality and scarce in occurrence west of Johannesburg. Clay is currently transported by road to the Krugersdorp factory.
- African Brick has always been managed responsibly when it comes to environmental issues, with all statutory approvals and permits in place. African Brick has applied for the new order mineral rights shortly after the approval was obtained from the securities regulation panel for a 51% share acquisition by Yakani Infraco (Pty) Ltd, a 100% owned empowerment Group, on 30 January 2009.
- African Brick Krugersdorp is also registered in terms of the Atmospheric Pollution Prevention Act (Act 45 of 1965).

African Brick Lenasia trading as African Brick Coega

- African Brick expanded its manufacturing capacity in 2008 when Pentz Bricks was acquired and a new factory was commissioned, named Coega. The factory has a production capacity of 24 million bricks per annum and manufacture stock bricks. The brick represents exceptional quality with clay sourced in terms of a supply agreement from Addo Minerals who is one of a few suppliers who received a new order mining right in this area.
- African Brick acquired the strategic Zuurbekom property in 2003, which lies in close proximity to the large Syferfontein reserves and which the Company intends to develop as its third manufacturing facility. The project is currently on hold due to the effect of the recession and inability to secure electricity supply in the short term.

Output from the manufacturing operations of the African Brick Group is sold to the retailing arm of the Company at market related wholesale prices. This is a key strategy in ensuring a consistent pricing policy being applied over the full spectrum of wholesale and retail customers of the African Brick Group.

Retail Operations

The centres operate under the African Brick Centre trademark in terms of an agency agreement and are granted exclusive marketing rights for a particular geographical area.

The retail section of African Brick Centre Honeydew also markets third party building materials, with more than 50% of its sales coming from these sources. This retail branch provides a turnkey solution for developers sourcing a wide range of building materials and delivering on site.

INDUSTRY OVERVIEW

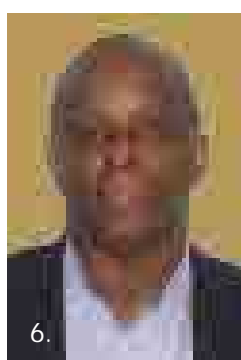
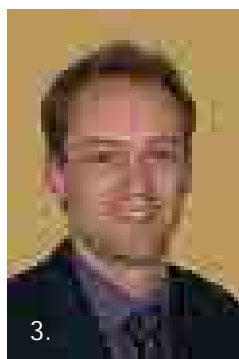
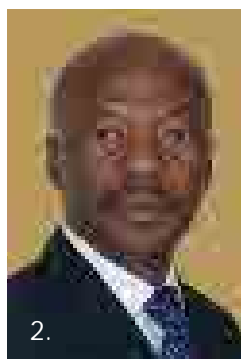
The South African clay brick industry

Demand for face brick and clay brick has significantly reduced for the past 18 months. Retail was most affected due to the state of the housing market with wholesale following. Civil industry outperforms both retail and wholesale due to aggressive spending by government. The drastic decline in demand caught brick manufacturers off-guard considering that the industry was until recently faced by a shortfall in production capacity. Reduction in production levels were lagging behind resulting in increased stock levels. Stock levels have been addressed through an extended shut down periods, reduction in production capacity and closure of plants.

With the economic down turn absorbed by most manufacturers, established brick manufacturers are positioned to retain core value:

- High barriers to entry due to expensive plant and equipment and a long cash flow cycle.
- Maximum available production levels through available resources not sufficient to support economic growth over the medium to long term.
- Re-capitalisation of the industry is required to meet long term growth projection which will see the demise of small players and consolidation of traditionally family owned businesses.
- Ongoing commitment from government to spend on infrastructure and residential housing development which support sustainable growth in the construction industry and by extension, the brick manufacturing industry.
- Increased risk that some brick manufacturing companies will not be able to convert to the new order mining right.
- Cement bricks are not as attractive as face bricks and traditionally cost less, although the price differential has decreased dramatically over the last few years as a result of cement prices having increased at a faster rate than price increases of clay bricks.

BOARD OF DIRECTORS



1. SIZWE ANDREW TATI (49)

Non-Executive Chairman

Appointed 30 January 2009

Sizwe holds a BCom degree, post graduate diplomas in Management and Company Directing and the Senior Executive Programme from Harvard Business School. He is the Co-Chairman of Yakani Group (Proprietary) Limited and has extensive leadership and management expertise, having served as Deputy Managing Director of Get Ahead Foundation, Managing Director of Khula Enterprise Finance and Managing Executive of ABSA Vehicle Asset and Finance and ABSA Small Business.

2. MUSAWENKOSI PUNCTUAL SHANGASE (MUSA) (53)

Managing Director

Appointed 28 February 2010

Musa worked at Pretoria Portland Cement Company Ltd (PPC) from 1993 to 1995 as the Business Development Manager. He was appointed in 1995 as the General Manager and then the Managing Director in 1996 for Buildware Market. Musa worked as a Sales & Marketing Manager at PPC from 1998 until 2005 and as General Manager Business Development at Saint-Gobain Construction Productions from 2006 until 2009. Musa was appointed as the Sales and Marketing Director of African Brick (Pty) Ltd, a wholly owned subsidiary of the Company on 1 October 2009.

3. BURGERT BLOM (35)

Financial Director

Appointed 30 January 2009

Burgert holds a BCompt (Hons) CA (SA) and has spent his career in banking and financial services where he specialized in Financial Analysis, Credit and Risk Management.

4. WILLEM ANDREAS FERDINAND STRYDOM (CHRIS) (62)

Non-Executive Director

Appointed 30 January 2009

Chris holds a BCom and has held various senior banking positions through his career and retired in 2007 as a General Manager at ABSA. His specialist experience covers Structured Finance, Foreign Exchange, Money Market Asset Based Finance, Credit and Financing Joint Ventures.

5. MITESH MOHANLAL PATEL (36)

Independent Non-Executive Director

Appointed 20 July 2009

Mitesh is the Chairman of the Audit, Risk and Remuneration Committee. He is a Chartered Accountant and has a BCompt Honours in financial accounting, financial management, taxation and auditing. Mitesh is currently a partner at Nkonki Incorporated and further acts as an Independent Non-Executive Director and Audit Committee Chairman for JSE listed companies, Africa Cellular Towers Limited, Stratcorp Limited, African Dawn Capital Limited and PSV Holdings Limited.

6. LINDA YANTA (49)

Independent Non-Executive Director

Appointed 20 July 2009

Linda has a B Accountancy (Major in Accountancy, Auditing and Taxation). Linda is a member of the Audit, Risk and Remuneration Committee. He is the General Manager: Corporate Audit at Eskom where he manages the Audit function and trains Chartered Accountants in Eskom.

7. DERRICK THEMBINKOSI VUSUMUZI MSIBI (41)

Independent Non-Executive Director

Appointed 7 September 2009

Derrick holds a Bachelor of Business Science (Finance)(Honours); Bachelor of Commerce (Accounting)(Honours); Masters of Commerce (Accounting); Chartered Accountant (SA); Derrick is a member of the Remuneration Committee. Derrick is the Managing Director of Investment Solutions.

MANAGING DIRECTORS' REPORT

Introduction

The year under review has been one of the most challenging in the clay brick industry. The industry had to move substantial stock levels, negatively influencing profit margins. Weak demand in a tight economic environment further directed clients to affordable products.

Group restructuring activities were successful, limiting operating losses whilst retaining core manufacturing expertise and infrastructure. The expansion plan to the Krugersdorp factory was tailored and approved for implementation in order to re-position the Group in Gauteng with increased production capacity, lost during the recession.

African Brick "Blue Bricks" supported volume and profitability, reflecting the true value of a loss leader in current market conditions. In addition, cash sales through retail activities exceeded expectations during the last quarter in support of a reduction in credit and liquidity risk.

Financial performance

Group revenue declined significantly by 53% to R89.8 million (2009: R191.9 million). Gross profit decreased by 56% to R9 million (2009: R20.7 million) due to intense competition in an over stock market. Heavy rainfall during the last quarter resulted in production losses which further contributed to a reduction in margins.

Recovery of bad debt, and a management contract with Yakani Brickveld (Proprietary) Limited mainly supported other income which increased by 437% to R5.3 million (2009: R982k)

Impairments to clay reserves as result of pressure on profit margins, as well as the impairment of the Krugersdorp hostel applied further pressure on earnings per share. The impairment to the hostel related to the location of the hostel, being part of the Krugersdorp mining site and medium term intent to re-locate to a different site.

The Group invested R4.1 million cash in operating activities compared to an investment of R28.2 million during 2009. Net cash in investing activities amount to R1,1 million (2009: R19.3 million) mainly as result of the investment in a debt redemption policy which will be used to settle long-term debt. Cash from financing activities were kept to a minimum of R875k (2009: R9.2 million)

Prospects

With the economy recovering slowly and positive signs in the retail building industry, banks reducing interest rates and reviewing credit granting criteria, the Group has a positive medium term outlook.

A relatively new Executive and Sales team is surefooted to prepare for the new challenges. We believe that the worst in the building industry has passed and are positive that the year ahead will bear a moderate increase in sales and sales margins.

The Group expects a moderate participation in the rights issue during September 2010. An irrevocable undertaking by the controlling shareholder support Group initiatives and ability to regain market share.

Dividend policy

In line with Group policy, no dividend has been declared for the period.

Human capital

We thank our loyal staff for their commitment and also thank our business partners, advisers, clients and, most importantly, our shareholders for their ongoing support and faith in the Group.



MP Shangase
Managing Director

CORPORATE GOVERNANCE REPORT

Introduction

The Board is committed to ensuring that the Group adheres to the highest standards of corporate governance in the conduct of its business and is committed to the principles of openness, integrity and accountability. The Board supports the principles contained in King II and are taking steps to ensure that it will be compliant with the King Report III on Corporate Governance for South Africa 2009.

Statement of compliance

The Listings Requirements of the JSE Limited ("JSE") require that listed companies report on the extent to which they comply with the principles incorporated in King II. The directors are taking steps to ensure that it will be compliant with King III.

The directors are of the opinion that they are in compliance with the principles set out in King II with the exception of the appointment of an Independent Non-Executive Chairman and internal audit.

The Board

The Board is governed by a formal Board Charter which sets out a clear balance of power and authority at Board level to ensure that no one director has unfettered powers of decision-making. The primary responsibilities of the Board include regular review of the strategic direction of investment decisions and performance against approved plans, budgets and best practice standards. The Board retains full and effective control of the Group and decisions on material matters are reserved for the Board. The Board is also responsible for monitoring the activities of the Executive management.

To ensure that there is a clearly accepted division of responsibilities at the head of the Company, the roles of Chairman and Managing Director are separate. The Board comprises seven Directors, which include two Executive Directors, three Independent Non-Executive Directors and two Non-Executive Directors. The guidelines contained in the JSE Listings Requirements were used to determine the category most applicable to each Director. The names of the Directors are set out on page 4 of the Annual Report.

Changes to the Board is set out on page 17 of the Annual Report.

The Chairman

Sizwe Tati was appointed as Non-Executive Chairman on 30 January 2009. The Chairman provides guidance to the Board as a whole and ensures that the Board is efficient, focused and operates as a unit. He acts as facilitator at Board meetings to ensure a sound flow of opinions and ensures that discussions lead to optimal outcomes in the interests of good governance. He represents the Board in external communications, in consultation with the Managing Director and the Financial Director.

The Managing Director

Musa Shangase was appointed as the Managing Director on 28 February 2010. Musa's responsibilities will be to run the business and to implement the policies and strategies adopted by the Board. All Board authority conferred on management is delegated through the Managing Director, in line with the approved levels of authority for the Group. The Managing Director is required to act within levels of authority delegated to him by the Board. The Managing Director reports to the Board on the achievement of Company goals.

The Board Committees

While the Board remains accountable and responsible for the performance and affairs of the Company, it delegates to management and Board Committees certain functions to assist it to properly discharge its duties. When required, the Board combines the Remuneration Committee to form part of the Audit and Risk Committee. The Chairman of the Committees reports at each scheduled Board meeting and attends the Annual General Meeting to answer questions raised by shareholders.

During the twelve months ended 28 February 2010, the Audit and Risk Committee comprised of Mitesh Patel (Chairman) and Independent Non-Executive Director Linda Yanta.

The Audit and Risk Committee Report setting out the Committee responsibilities and duties during the period under review is set out on page 12 of the Annual Report.

Only one Remuneration Committee meetings was held during the financial year end.

Board and Committee meeting attendance

The Board meet six times during the financial year. The Audit and Risk Committee meet three times during the financial year and the Remuneration Committee met once during the financial year. Representatives of the appointed Designated Advisers attend all Board and Audit and Risk Committee meetings. The Company Secretary acts as Secretary to the Board and the Committee and attends all meetings. Details of the attendance at meetings is set out in the table on page 8.

CORPORATE GOVERNANCE REPORT

Director	Description	Notes	Board Meetings	Audit & Risk Committee Meetings	Remuneration Committee Meetings
SA Tati	Board Chairman	No Change	6/6	N/A	N/A
B Blom	Financial Director	No Change	6/6	3/3*	1/1*
WAF Strydom	Previously Executive Director	Changed to Non-Executive on 20 July 2009	5/6	N/A	N/A
MP Shangase	Managing Director	Appointed on 28 February 2010	N/A	N/A	1/1*
MM Patel	Independent Director and Audit and Risk and Remuneration Committee Chairman	Appointed on 20 July 2009	3/6	2/3	1/1
L Yanta	Independent Director and Audit and Risk and Remuneration Committee Member	Appointed on 20 July 2009	3/6	1/3	1/1
DTV Msibi	Independent Director and member of the Remuneration Committee	Appointed on 7 September 2009	1/6	N/A	0/1
JM de Wet	Previous Managing Director	Resigned on 28 February 2010	3/6	2/3*	N/A
B van Graan	Executive Director	Resigned on 12 May 2009	1/6	N/A	N/A
D Konar	Previous Non-Executive Deputy Board Chairman	Resigned on 20 July 2009	2/6	0/3	N/A
DB Mostert	Previous Independent Director and Chairman of the Audit & Risk Committee	Resigned on 24 July 2009	2/6	1/3	N/A
JM Jack	Previous Independent Director and Member of the Audit & Risk Committee	Resigned on 25 September 2009	2/6	2/3	N/A
HH Knoetze	Previous Non-Executive Director and appointed as Acting CEO on 14 May 2009	Resigned on 21 August 2009	3/6	1/3*	N/A
* Attended the meeting by invitation					

Retirement and re-election of Directors

All directors are subject to retirement and re-election by shareholders every three years in terms of the Company's articles of association ("articles"). In addition, all directors are subject to election by shareholders at the first opportunity after their initial appointment. Messrs Linda Yanta, Derrick Msibi and Mitesh Patel being eligible, have offered themselves for re-election. In accordance with the articles, Mr Musa Shangase's appointment as a director of the Board with effect 28 February 2010 will be confirmed by shareholders at the forthcoming annual general meeting. The biographical details are provided on page 5 of this Annual Report to enable shareholders to make an informed decision in respect of their election.

Appointments to the Board

The Board has adopted a formal and transparent policy on the procedures for the appointment of directors, which is a matter for the Board as a whole. Directors are invited to assist with the identification and nomination of potential candidates. The non-executive members of the Board propose suitable candidates for consideration by the Board. The Company Secretary ensures that individual appointees are free of any conflict of interest between the duties he/she owes to the Company and their private interest.

Induction and development

The Company Secretary ensures that the Board is regularly updated with changes to legislation, regulation and best practice and has ensured that all the directors have attended the ALTx Directors' Induction Programme.

Directors' share dealings

Directors may not deal in the Company's shares without first advising and obtaining clearance from the Chairman and the Financial Director. The Chairman and Financial Director may not deal in the Company's shares without first advising and obtaining clearance from the Board. No director or senior management may trade in African Brick shares during closed periods as defined in the JSE Listings Requirements. The directors of the Company keep the Company Secretary advised of all their dealings in securities.

Directors' interests in contracts

Other than the interests disclosed on page 16 relating to Mr SA Tati, directors are not interested in any other contracts. Directors are required to inform the Board timeously of potential conflict of interests they may have in relation to particular items of business and recuse themselves from discussions or decisions on matters in which they have a conflicting interest.

Directors and associates' interests in securities

Directors and associates' interests in securities for the prior and current financial year is set out on page 16 of the Annual Report.

Conflicts of interest

The Board encourages its directors to avoid situations where they have, or can have, a direct or indirect interest that conflicts with the Company's interests. Directors are required to inform the Board timeously of conflicts or potential conflicts of interests they may have in relation to particular items of business. A director who has a conflict of interest with respect to a contract or transaction that will be voted on at a meeting, shall not be counted in determining the presence of a quorum for purposes of the vote, may not vote on the contract or transaction, and shall not be present in the meeting room when the vote is taken.

Price-sensitive information

The Board acknowledges its responsibility for ensuring the equal treatment of all shareholders. The Board has an approved Information Disclosure Policy which sets out the necessary guidelines that have to be adhered to at all times in the external communication of the Company's affairs.

Independent advice

Individual Directors may, after consulting with the Chairman or the Managing Director, and based on the Independent Advice Policy approved by the Board, seek independent professional advice at the expense of the Company on any matter connected with the discharge of their responsibilities as Directors.

The Company Secretary

The Company Secretary is responsible for providing the Board collectively, and each Director individually, with guidance on the discharge of their responsibilities in terms of the legislation and regulatory requirements. The Company Secretary ensures that the Board and its Committees are supplied with comprehensive and timely information, to ensure that the Directors have all the relevant information and facts, to enable them to discharge their responsibilities.

Communication

The Company is committed to transparent, timeous and consistent communication with shareholders and aims to present in all its communications a balanced assessment of the Group's position. Shareholders' attendance at general meetings is encouraged. Company announcements are released on SENS and posted on the Company's website.

Industry Associations

The Company is an active member of the Clay Brick Association.

Employment equity

An affirmative action programme forms part of the Group's business plan. The Group offers equal opportunities to all employees. It seeks to provide a work environment in which individuals of ability and commitment are able to develop their careers regardless of their background, race, religion or gender.

The Group fully supports the government's initiative to achieve greater equity in the workplace and management of all Group companies is fully committed to complying with the Employment Equity Act of 1998 (as amended).

ANNUAL FINANCIAL STATEMENTS

The reports and statements set out below comprise the annual financial statements presented to the shareholder:

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CERTIFICATE BY THE COMPANY SECRETARY

In terms of Section 268 (G) of the Companies Act 61 of 1973, as amended ("Act"), I certify that, to the best of my knowledge and belief, African Brick Centre Limited has, in respect of the financial year reported upon, lodged with Cipro all returns required of a public Company in terms of the Act and that all such returns are true, correct and up to date.



Premium Corporate Consulting Services (Pty) Limited
Company Secretary
31 May 2010

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AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee is a Committee of the Board of directors and in addition to having specific statutory responsibilities to the shareholders in terms of the Companies Act 61 of 1973, as amended, it assists the Board through advising and making submissions on financial reporting, oversight of the risk management process and internal financial controls, external and internal audit functions and statutory and regulatory compliance of the Group.

Terms of reference

The Audit and Risk Committee has adopted formal terms of reference that have been approved by the Board and these terms of reference are regularly reviewed and updated where necessary. The Audit and Risk Committee has executed its duties during the past financial year in accordance with these terms of reference.

Composition

As at 28 February 2010, the Audit and Risk Committee comprised of two independent non-executive directors, namely Messrs Mitesh Patel (Chairman) and Linda Yanta.

Meetings

The Audit and Risk Committee held three meetings during the period. Attendance at these meetings is shown in the table set out on page 8 of the Annual Report.

Duties and responsibilities

During the financial year ended 28 February 2010, the Audit and Risk Committee carried out its functions as follows:

Statutory duties

In execution of its statutory duties, the Audit and Risk Committee:

- Nominated the appointment of, SAB&T Chartered Accountants Inc ("SAB&T") as auditors and Mr Bashier Adam as the individual designated auditor, after satisfying ourselves through enquiry that SAB&T are independent as defined in terms of the Act.
- Determined the fees to be paid to SAB&T and their terms of engagement.
- Approved a Non-Audit Services Policy which determines the nature and extent of any non-audit services which SAB&T may provide to the Company.
- Pre-approved any proposed contract with SAB&T for the provision of non-audit services to the Company.
- Received no complaints relating to the accounting practices of the Group, the content or auditing of its financial statements, the internal financial controls of the Group, and other any related matters.
- Reviewed the draft audited financial statements, Annual Report and interim statements.
- Met with the external auditors to discuss the annual financial statements prior to their approval by the Board.
- Reviewed the valuation of goodwill before recommending any impairment and any intangibles required to the Board for approval.
- Made submissions to the Board on matters concerning the Group's accounting policies, financial control, records and reporting.
- Concurred that the adoption of the going concern premise in the preparation of the financial statements is appropriate.

Oversight of risk management

The Audit and Risk Committee, has:

- Received assurance that the process and procedures followed by management are adequate to ensure that financial risks are identified and monitored.
- Has satisfied itself that the following areas have been appropriately addressed:
 - Financial reporting risks;
 - Internal financial controls;
 - Fraud risks as they relate to financial reporting; and
 - IT risks as they relate to financial reporting.
- Reviewed tax and technology risks, in particular how they are managed.

Internal financial controls

- Reviewed the effectiveness of the Group's system of internal financial controls including receiving assurance from management and external audit.
- Reviewed significant issues raised by the external auditors in their reports.
- Reviewed policies and procedures for preventing and detecting fraud.

Based on the processes and assurances obtained, we believe that the significant internal financial controls are effective.

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Regulatory compliance

The Audit and Risk Committee has complied with all applicable legal and regulatory responsibilities.

External audit

Based on processes followed and assurances received, we have no concerns regarding the external auditor's independence.

Description of fees	R'000	% of Total
Audit services	599,253	97%
Non-audit services	20,000	3%
Total audit fees	619,253	100%

Based on our satisfaction with the results of the activities outlined above, we have recommended the reappointment of SAB&T Chartered Accountants Inc. to the Board and the shareholders.

Internal audit

There are no separate internal audit team within the Group.

Financial Director

We have satisfied ourselves that Mr Burgert Blom, has the appropriate expertise and experience to meet the responsibilities of his appointed position as Financial Director as required by the JSE. In making these assessments, we have obtained feedback from the external auditors. Based on the processes and assurances obtained, we believe that the accounting practices are effective.

Annual Report

We have evaluated the financial statements of African Brick Centre Limited and the Group for the year ended 28 February 2010 and based on the information provided to the Audit and Risk Committee, consider that the Group complies in all material respects, with the requirements of the Act and International Financial Reporting Standards and we recommended the Annual Report to the Board for approval.

On behalf of the Audit and Risk Committee



MM Patel

Audit and Risk Committee Chairman

31 May 2010

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INDEPENDENT AUDITOR'S REPORT

To the members of African Brick Centre Limited

We have audited the Group and Company annual financial statements of African Brick Centre Limited, which comprise the Group and Company statement of financial position as at 28 February 2010, and the Group and Company statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 15 to 75.

Directors' Responsibility for the Annual Financial Statements

The Company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act 61 of 1973, as amended. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the Group and Company financial position of African Brick Centre Limited as at 28 February 2010, and its Group and Company financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act 61 of 1973, as amended.



SAB&T Chartered Accountants Incorporated

Registered Auditors

Per: B. Adam

Centurion

31 May 2010

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The Board of directors ("the directors") are required in terms of the Companies Act 61 1973, as amended to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards ("IFRS"), Listings Requirements of the JSE Limited and applicable legislation.

The Group's external auditors are engaged to express an independent opinion on the Group and Company annual financial statements. The annual financial statements are prepared in accordance with IFRS and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Group's and Company's financial budgets for the year to 28 February 2011. In the light of the current financial position and existing borrowing facilities, they are satisfied that the Group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Group's annual financial statements. The annual financial statements have been examined by the Group's external auditors and their report is presented on page 14.

The directors of the Company accept responsibility for the annual financial statements, which have been prepared on the going concern basis, and which were approved by the Board of directors on 31 May 2010 and are signed on its behalf by:



MP Shangase
Managing Director



B Blom
Financial Director

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DIRECTORS' REPORT

The Board of directors ("directors") submit their report for the year ended 28 February 2010.

Review of activities

Main business and operations

The Group is engaged in the manufacturing and sale of bricks and building materials and operates principally in South Africa.

The operating results and state of affairs of the Company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net loss of the Group was R 15,379,750 (2009: R 76,024,878 loss ; 2008: R 19,629,704 profit), after taxation of R 2,384,302 (2009: R (521,155) ; 2008: R (9,233,729)).

Going concern

The consolidated annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Group is comfortable that funding will be available to support working capital needed through the rights issue, as underwritten by the major shareholder representing 51% of the issued shares.

Events after the reporting period

The Group announced a rights issue with the goal of injecting upward of R10.2 million capital into the business to strengthen the balance sheet, support working capital and facilitate its growth strategy. The controlling shareholder, representing 51% of the issued shares, confirmed to underwriting its portion of the rights issue at 3 cents per share whilst the directors authorised the disposal of the Honeydew property. The directors are not aware of any other matter or circumstance occurring between the balance sheet date and the date of this report that materially affects the results of the Group for the year ended 28 February 2010 or the financial position at that date.

Directors and associates' interests

Director	Direct	Indirect	Total	% Shareholding
2009				
SA Tati ²	-	79,620,680	79,620,680	26.00%
B van Graan ¹	-	82,781,623	82,781,623	26.51%
MJ Jack ¹	200,000	-	200,000	0.06%
DB Mostert ¹	165,000	-	165,000	0.05%
Total	365,000	242,022,983	242,387,983	77.63%
2010				
SA Tati ²	-	79,620,680	79,620,680	26.00%
B van Graan ¹	-	82,781,623	82,781,623	26.51%
MJ Jack ¹	200,000	-	200,000	0.06%
DB Mostert ¹	165,000	-	165,000	0.05%
Total	365,000	242,022,983	242,387,983	77.63%

No change in the above mentioned interests has occurred between the financial year end and the date of this report.

1. Resigned during the financial year.
2. Has an indirect beneficial interest in Yakani Infraco (Proprietary) Limited.
3. No other director holds any shares in the Company.

Directors' interest in contracts

Other than the interests disclosed above relating to Mr SA Tati, of the annual financial statements, no directors have any other interest in any transactions of significance with the Company or any of its subsidiaries.

Accounting policies

The audited annual financial statements for the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") and their interpretation in line with the International Accounting Standards Board ("IASB"), the International Financial Reporting Interpretations Committee of the IASB and AC500 Standards as issued by the Accounting Practices Board and its successor, the Listings Requirements of the JSE Limited and the Companies Act, 61 of 1973, as amended ("the Act"). The accounting policies remain consistent with those applied to the 31 August 2009 interim results published in 30 November 2009.

Authorised and issued share capital

The authorised and issued share capital is set out in note 16 of the annual financial statements. There were no changes in the authorised or issued share capital of the Group during the year under review.

Borrowing limitations

In terms of the articles of association of the Company, the directors may exercise all the powers of the Company to borrow money, as they consider appropriate.

Non current assets

Details of major changes in the nature of the non current assets of the Group and Company during the year were as follows:

- The Group acquired property, plant and equipment of R3,214,690 (2009: R 6,144,703, 2008: R9,299,040) and the Company acquired R 2,440,908 (2009: R 1,429,165, 2008: 4,384,322).
- The Group acquired property, plant and equipment through business combinations of RNil (2009: 1,521,050, 2008:Nil)

Dividends

No dividends were declared or paid to shareholders during the financial year ended 28 February 2010.

Directors

The directors of the Company during the year and to the date of this report are as follows:

Name	Category	Changes
SA Tati (Chairman)	Non-Executive	No change
MP Shangase (Managing Director)	Executive	Appointed 28 February 2010
B Blom (Financial Director)	Executive	No change
WAF Strydom	Non-Executive	Change of category with effect from 20 July 2009
MM Patel	Independent Non-Executive	Appointed 20 July 2009
L Yanta	Independent Non-Executive	Appointed 20 July 2009
DTV Msibi	Independent Non-Executive	Appointed 7 September 2009
B van Graan	Executive	Resigned 12 May 2009
DB Mostert	Non-Executive	Resigned 24 July 2009
JM Jack	Non-Executive	Resigned 25 September 2009
D Konar	Non-Executive	Resigned 20 July 2009
J de Wet	Executive	Resigned 28 February 2010
HH Knoetze	Non-Executive	Resigned 21 August 2009

Company Secretary

The Company Secretary is Premium Corporate Consulting Services (Proprietary) Limited of:

Business address	Postal address
Unit 28, First Floor Waterford Office Park Cnr Witkoppen and Waterford Drive Fourways 2188	PO Box 1078 Jukskei Park 2153

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Holding Company

The Holding Company is Yakani Infracore (Proprietary) Limited which is incorporated in South Africa.

Interest in subsidiaries

Name of subsidiary	Country of incorporation	Net income (loss) after tax
African Brick (Proprietary) Limited	Republic of South Africa	(7,275,187)
Landton Properties (Proprietary) Limited	Republic of South Africa	(3,551,637)
African Brick-Lenasia (Proprietary) Limited	Republic of South Africa	(2,082,711)
Dash Brick and Building Supplies – Strubensvalley (Proprietary) Limited	Republic of South Africa	(2,714,608)

Details of the Company's investments in subsidiaries are set out in note 7 of the annual financial statements.

Auditors

SAB&T Chartered Accountants Incorporated will continue in office in accordance with section 270(2) of the Act.

Directors' emoluments

Details of the directors' emoluments are set out in note 32 of the annual financial statements

Major shareholders and shareholder spread

Details of the major shareholders and the shareholders spread are set out on page 77 of the Annual Report.

Litigation

The directors are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past (being at least the previous 12 months) a material effect on the Group's financial position.

Special Resolutions

No special resolutions were passed by the Company's subsidiaries since the date of the previous directors' report.

STATEMENT OF FINANCIAL POSITION

		Group			Company		
Figures in Rand	Note(s)	2010	2009	2008	2010	2009	2008
ASSETS							
Non-Current Assets							
Investment property	3	625,000	625,000	625,000	-	-	-
Property, plant and equipment	4	54,506,077	62,903,737	60,232,041	10,380,337	11,433,873	12,190,982
Goodwill	5	-	-	5,355,454	-	-	-
Intangible assets	6	5,219,086	5,219,082	28,696,906	-	-	-
Investments in subsidiaries	7	-	-	-	54,868,941	87,590,750	75,500,000
Loans to group companies	8	-	-	-	19,420,580	12,614,348	402,748
Other financial assets	10	2,844,294	840,844	5,294	2,839,000	835,550	-
Deferred tax	11	1,277,435	183,906	183,906	565,244	11,306	11,306
Prepayments		-	-	248,052	-	-	248,052
		64,471,892	69,772,569	95,346,653	88,074,102	112,485,827	88,353,088
CURRENT ASSETS							
Inventories	12	20,304,211	24,313,556	34,768,259	-	6,525,897	21,603,609
Loans to managers and employees	13	-	148,349	796,475	-	119,527	741,790
Current tax receivable		781,092	527,209	-	283,299	283,299	-
Trade and other receivables	14	9,984,105	21,795,790	17,010,813	842,940	13,675,176	16,523,543
Cash and cash equivalents	15	1,106,388	1,566,596	36,592,946	114,938	71,942	28,257,173
		32,175,796	48,351,500	89,168,493	1,241,177	20,675,841	67,126,115
Total Assets		96,647,688	118,124,069	184,515,146	89,315,279	133,161,668	155,479,203

ANNUAL FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION (continued)

		Group			Company		
Figures in Rand	Note(s)	2010	2009	2008	2010	2009	2008
EQUITY AND LIABILITIES							
Equity							
Equity Attributable to Equity Holders of Parent							
Share capital	16	113,315,369	113,315,369	113,341,502	113,315,369	113,315,369	113,341,502
Reserves	17	2,682,223	2,662,036	3,452,033	3,472,220	3,452,033	3,452,033
Accumulated loss		(65,757,688)	(50,377,938)	27,297,651	(44,222,759)	(11,745,344)	17,303,666
		50,239,904	65,599,467	144,091,186	72,564,830	105,022,058	134,097,201
Liabilities							
Non-Current Liabilities							
Loans from group companies	8	-	-	-	-	194,333	368,117
Other financial liabilities	18	10,017,340	10,176,588	58,942	10,014,384	10,130,660	-
Instalment sale obligation	19	969,451	1,788,947	3,132,807	728,057	1,298,072	1,975,950
Deferred tax	11	10,044,752	11,355,713	11,501,780	565,244	585,432	585,432
Provisions	20	4,700,000	4,700,000	-	-	-	-
		25,731,543	28,021,248	14,693,529	11,307,685	12,208,497	2,929,499
Current Liabilities							
Loans from shareholders	9	-	139,298	133,271	-	137,247	131,220
Other financial liabilities	18	3,467,582	-	-	-	-	-
Current tax payable		-	35,034	11,476,424	-	-	5,043,451
Instalment sale obligation	19	704,658	1,996,270	1,716,515	533,354	1,589,076	1,355,337
Operating lease liability		-	-	33,430	-	-	-
Trade and other payables	21	8,970,543	18,614,299	11,460,791	335,378	10,986,337	11,922,495
Provisions	20	500,000	500,000	910,000	-	-	-
Bank overdraft	15	7,033,458	3,218,453	-	4,574,032	3,218,453	-
		20,676,241	24,503,354	25,730,431	5,442,764	15,931,113	18,452,503
Total Liabilities		46,407,784	52,524,602	40,423,960	16,750,449	28,139,610	21,382,002
Total Equity and Liabilities		96,647,688	118,124,069	184,515,146	89,315,279	133,161,668	155,479,201

STATEMENT OF COMPREHENSIVE INCOME

Figures in Rand	Note(s)	Group		Company	
		2010	2009	2010	2009
Revenue	22	89,779,903	191,867,895	2,838,216	136,418,397
Cost of sales		(80,771,639)	(171,180,909)	-	(124,836,875)
Gross profit		9,008,264	20,686,986	2,838,216	11,581,522
Other income		5,274,441	982,384	4,558,553	374,456
Operating expenses		(30,283,857)	(96,868,704)	(40,954,524)	(40,716,801)
Operating (loss) profit	23	(16,001,152)	(75,199,334)	(33,557,755)	(28,760,823)
Investment revenue	24	203,108	1,074,693	2,305,734	589,155
Fair value adjustments		-	159,278	-	-
Finance costs	25	(1,966,008)	(1,538,360)	(1,779,332)	(877,342)
(Loss) profit before taxation		(17,764,052)	(75,503,723)	(33,031,353)	(29,049,010)
Taxation		2,384,302	(521,155)	553,938	-
(Loss) profit for the year		(15,379,750)	(76,024,878)	(32,477,415)	(29,049,010)
Profit/ (loss) attributable to:					
Non-controlling interest		-	1,650,711	-	-
Owners of the parent		(15,379,750)	(77,675,589)	-	-
		(15,379,750)	(76,024,878)	-	-
HEPS (HLPS) (Cents)	37	(3.8)	(13.1)	-	-
EPS (LPS) (Cents)	38	(4.9)	(24.4)	-	-
Other comprehensive income (loss) for the year net of taxation		20,187	(789,997)	-	-
Total comprehensive (loss) income		(15,359,563)	(76,814,875)	(32,477,415)	(29,049,010)
Total comprehensive income attributable to:					
Non-controlling interest		-	1,650,711	-	-
Owners of the parent		(15,359,750)	(78,465,586)	-	-
		(15,359,750)	(76,814,875)	-	-

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STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Total share capital	Revaluation reserve	Accumulated loss	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
Figures in Rand								
GROUP								
Opening balance as previously reported	312,238	113,029,264	113,341,502	3,452,033	28,799,474	145,593,009	-	145,593,009
Adjustments								
Prior period error – Refer to note 36	-	-	-	-	(1,501,823)	(1,501,823)	-	(1,501,823)
Balance at 01 March 2008 as restated	312,238	113,029,264	113,341,502	3,452,033	27,297,651	144,091,186	-	144,091,186
Changes in equity								
Total restated comprehensive loss for the year	-	-	-	(789,997)	(76,024,878)	(76,814,875)	-	(76,814,875)
Acquisition of additional shares	-	-	-	-	-	-	(2,982,214)	(2,982,214)
Preliminary expenses incurred	-	(26,133)	(26,133)	-	-	(26,133)	-	(26,133)
Acquisition of subsidiary	-	-	-	-	-	-	1,331,503	1,331,503
Minority share of net profit	-	-	-	-	(1,650,711)	(1,650,711)	(1,650,711)	-
Total changes	-	(26,133)	(26,133)	(789,997)	(77,675,589)	(78,491,719)	-	(78,491,719)
Opening balance as previously reported	312,238	113,003,131	113,315,369	2,662,036	(55,597,022)	60,380,383	-	60,380,383
Adjustments								
Prior period error – Refer to note 36	-	-	-	-	5,219,084	5,219,084	-	5,219,084
Balance at 01 March 2009 as restated	312,238	113,003,131	113,315,369	2,662,036	(50,377,938)	65,599,467	-	65,599,467
Changes in equity								
Total comprehensive loss for the year	-	-	-	20,187	(15,379,750)	(15,359,563)	-	(15,359,563)
Total changes	-	-	-	20,187	(15,379,750)	(15,359,563)	-	(15,359,563)
Balance at 28 February 2010	312,238	113,003,131	113,315,369	2,682,223	(65,757,688)	50,239,904	-	50,239,904
Note(s)								
	16	16	16	17				

STATEMENT OF CHANGES IN EQUITY (continued)

	Share capital	Share premium	Total share capital	Revaluation reserve	Accumulated loss	Total attributable to equity holders of the group / company	Non- controlling interest	Total equity
Figures in Rand								
COMPANY								
Balance at 01 March 2008	312,238	113,029,264	113,341,502	3,452,033	17,303,666	134,097,201	-	134,097,201
Changes in equity								
Total comprehensive loss for the year	-	-	-	-	(29,049,010)	(29,049,010)	-	(29,049,010)
Preliminary expenses incurred	-	(26,133)	(26,133)	-	-	(26,133)	-	(26,133)
Total changes	-	(26,133)	(26,133)	-	(29,049,010)	(29,075,143)	-	(29,075,143)
Balance at 01 March 2009	312,238	113,003,131	113,315,369	3,452,033	(11,745,344)	105,022,058	-	105,022,058
Changes in equity								
Total comprehensive loss for the year	-	-	-	20,187	(32,477,415)	(32,457,228)	-	(32,457,228)
Total changes	-	-	-	20,187	(32,477,415)	(32,457,228)	-	(32,457,228)
Balance at 28 February 2010	312,238	113,003,131	113,315,369	3,472,220	(44,222,759)	72,564,830	-	72,564,830
Note(s)	16	16	16	17				

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STATEMENT OF CASH FLOWS

Figures in Rand	Note(s)	Group		Company	
		2010	2009	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers		101,591,588	187,082,919	15,670,452	139,266,765
Cash paid to suppliers and employees		(103,970,536)	(202,719,890)	(6,805,955)	(148,810,061)
Cash generated from operations	28	(2,378,948)	(15,636,971)	8,864,497	(9,543,296)
Interest income		203,108	1,074,693	2,305,734	589,155
Finance costs		(1,634,627)	(1,073,121)	(1,488,704)	(591,102)
Tax paid	29	(288,917)	(12,563,786)	-	(5,326,750)
Net cash from operating activities		(4,099,384)	(28,199,185)	9,681,527	(14,871,993)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	4	(3,214,690)	(6,144,703)	(2,440,908)	(1,429,138)
Sale of property, plant and equipment	4	4,167,415	321,488	2,501,175	206,692
Loans advanced to group companies		-	-	(6,826,781)	(12,385,384)
Repayment of loans from group companies		-	-	(173,784)	-
Purchase of financial assets		(2,003,450)	(835,550)	(2,003,450)	(835,550)
Purchase of subsidiaries		-	(12,603,175)	-	(12,090,750)
Net cash from investing activities		(1,050,725)	(19,261,940)	(8,943,748)	(26,534,130)
CASH FLOWS FROM FINANCING ACTIVITIES					
Preliminary expenses incurred	16	-	(26,133)	-	(26,133)
Proceeds from other financial liabilities		3,308,334	10,117,646	-	10,130,660
Repayment of other financial liabilities		-	-	(116,276)	-
Movement in loans to managers and employees		148,349	648,126	119,527	622,263
Proceeds from shareholders loan		-	6,027	-	6,027
Repayment of shareholders loan		(139,298)	-	(137,247)	-
Payments of instalment sale obligations		(2,442,489)	(1,529,344)	(1,916,365)	(730,379)
Net cash from investing activities		874,896	9,216,322	(2,050,361)	10,002,438
Total cash movement for the year					
		(4,275,213)	(38,244,803)	(1,312,582)	(31,403,685)
Cash at the beginning of the year					
		(1,651,857)	36,592,946	(3,146,511)	28,257,174
Total cash at end of the year	15	(5,927,070)	(1,651,857)	(4,459,093)	(3,146,511)

ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act of South Africa, 1973 as amended. The annual financial statements have been prepared on the historical cost basis, except for the measurement of investment properties, certain classes of property, plant and equipment and certain financial instruments at fair value, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Consolidation

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the company and all entities, including special purpose entities, which are controlled by the company.

Control exists when the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the annual financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions which result in changes in ownership levels, where the group has control of the subsidiary both before and after the transaction are regarded as equity transactions and are recognised directly in the statement of changes in equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

Business combinations

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Contingent consideration is included in the cost of the combination at fair value as at the date of acquisition. Subsequent changes to the assets, liabilities or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business Combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal group) that are classified as held-for-sale in accordance with IFRS 5 Non-current Assets Held-For-Sale and discontinued operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

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On acquisition, the group assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Non-controlling interest arising from a business combination is measured either at their share of the fair value of the assets and liabilities of the acquiree or at fair value. The treatment is not an accounting policy choice but is selected for each individual business combination, and disclosed in the note for business combinations.

In cases where the group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year. Where the existing shareholding was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognised previously to other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Investment in associates

An associate is an entity over which the group has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Any goodwill on acquisition of an associate is included in the carrying amount of the investment, however, a gain on acquisition is recognised immediately in profit or loss.

Profits or losses on transactions between the group and an associate are eliminated to the extent of the group's interest therein.

When the group reduces its level of significant influence or loses significant influence, the group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables, Held to maturity investments and Loans and receivables

The group assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Available-for-sale financial assets

The group follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Allowance for slow moving, damaged and obsolete stock

If required, an allowance for stock to write stock down to the lower of cost or net realisable value is made each year. Management have made estimates of the selling price and direct cost to sell on certain inventory items.

Plant and equipment

Due to the specialised nature of the group's plant and machinery, the residual value attached to these assets has been estimated to be nil. The group estimates that the useful life of the plant and machinery, being the period of time for which the assets can be utilised without significant modifications, replacements or improvements is 5 years based on current levels of production and repairs and maintenance costs incurred.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the [name a key assumption] assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including [list entity specific variables, i.e. production estimates, supply demand], together with economic factors such as [list economic factors such as exchange rates inflation interest].

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 20 – Provisions.

Expected manner of realisation for deferred tax

Deferred tax is provided for on the fair value adjustments of investment properties and land and buildings based on the expected manner of recovery, i.e. sale or use. This manner of recovery affects the rate used to determine the deferred tax liability. Refer note 11 – Deferred tax.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

1.3 Investment property

Investment property comprises non-owner occupied buildings held to earn rentals and for capital appreciation. Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property.

If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

1.4 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Land and buildings is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

When an item of land and buildings is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

When an item of land and buildings is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

The revaluation surplus in equity related to a specific item of land and buildings is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of land and buildings is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Plant and machinery is depreciated on the diminishing balance method over their expected useful lives to their estimated residual value. Depreciation on office equipment, IT equipment, motor vehicles, advertising material and computer software is provided to write down the cost, less residual value, on the straight line method at the rates indicated below:

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land	Indefinite
Buildings	20 years
Plant and machinery	5 years
Motor vehicles	5 years
Office equipment	10 years
IT equipment	3 years
Computer software	2 years
Hostel equipment	10 years
Advertising material	10 years
Workshop equipment	10 years
Production equipment	5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.5 Goodwill

Goodwill is initially measured at cost, being the excess of the cost of the business combination over the group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is capitalised and reviewed annually for impairment or more frequently when there are indications that impairment may have occurred. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of, is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

An impairment loss in respect of goodwill is recognised in the income statement and is not reversed. Internally generated goodwill is not recognised as an asset.

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1.6 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Average useful life
Clay mineral reserves	20 years

1.7 Investments in subsidiaries

Company annual financial statements

In the company's separate annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

1.8 Financial instruments

Classification

The group classifies financial assets and financial liabilities into the following categories:

- Held-to-maturity investment
- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments.

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in profit or loss as part of other income. Dividends received on available-for-sale equity instruments are recognised in profit or loss as part of other income when the group's right to receive payment is established.

Changes in fair value of available-for-sale financial assets denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost and other changes in the carrying amount. Translation differences on monetary items are recognised in profit or loss, while translation differences on non-monetary items are recognised in other comprehensive income and accumulated in equity.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Impairment of financial assets

At each reporting date the group assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

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Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale. Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Financial instruments designated as available-for-sale

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

These investments are measured initially and subsequently at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the profit or loss for the period. Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Loans to (from) group companies

These include loans to and from holding companies, fellow subsidiaries and subsidiaries and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Loans to shareholders, directors, managers and employees

These loans are recognised initially at fair value plus direct transaction costs. These financial assets are classified as loans and receivables.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the group has the positive intention and ability to hold to maturity are classified as held to maturity.

1.9 Tax**Current tax assets and liabilities**

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income,
- a transaction or event which is recognised, in the same or a different period, directly in equity, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.10 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

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Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.11 Inventories

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.12 Impairment of assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.13 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.14 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.15 Provisions and contingencies

Provisions are recognised when:

- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation.

The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and

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- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 30.

Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

Royalties are recognised on the accrual basis in accordance with the substance of the relevant agreements.

Dividends are recognised, in profit or loss, when the company's right to receive payment has been established.

Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

Contract costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

IAS 1 (Revised) Presentation of Financial Statements

The main revisions to IAS 1 (AC 101):

- Require the presentation of non-owner changes in equity either in a single statement of comprehensive income or in an income statement and statement of comprehensive income.
- Require the presentation of a statement of financial position at the beginning of the earliest comparative period whenever a retrospective adjustment is made. This requirement includes related notes.
- Require the disclosure of income tax and reclassification adjustments relating to each component of other comprehensive income. The disclosures may be presented on the face of the statement of comprehensive income or in the notes.
- Allow dividend presentations to be made either in the statement of changes in equity or in the notes only.
- Have changed the titles to some of the financial statement components, where the 'balance sheet' becomes the 'statement of financial position' and the 'cash flow statement' becomes the 'statement of cash flows.' These new titles will be used in International Financial Reporting Standards, but are not mandatory for use in financial statements.

The effective date of the standard is for years beginning on or after 01 January 2009.

The group has adopted the standard for the first time in the 2010 annual financial statements.

The adoption of this standard has not had a material impact on the results of the company, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

IFRS 8 Operating segments

IFRS 8 (AC 145) replaces IAS 14 (AC 115) Segment Reporting. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes.

The effective date of the standard is for years beginning on or after 01 January 2009.

The group has adopted the standard for the first time in the 2010 annual financial statements.

The adoption of this standard has not had a material impact on the results of the company, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 36 Impairment of Assets

The amendment requires disclosures of estimates used to determine the recoverable amount of cash-generating units containing goodwill or intangible assets with indefinite useful lives. Specifically, the following disclosures are required when discounted cash flows are used to estimate fair value less costs to sell:

- The period over which management has projected cash flows;
- The growth rate used to extrapolate cash flow projections; and
- The discount rate(s) applied to the cash flow projections.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The group has adopted the amendment for the first time in the 2010 annual financial statements.

The adoption of this amendment has not had a material impact on the results of the company, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

Improvements to IFRS (issued in May 2008)

Improvements to IFRS (issued in May 2008) include 35 amendments across 20 different standards that largely clarify the required accounting treatment where previous practice had varied, and have resulted in a number of changes in the detail of the group's accounting policies. These amendments have had no material impact on the group's accounting policies.

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All other standards and interpretations that were effective for periods commencing on or after 1 January 2009 have had no material impact on the group.

Amendments to IFRS 7: Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments

The amendment requires additional disclosures about fair value measurement, including separating fair value measures into a hierarchy. The amendments also require liquidity risk disclosure to be separated between non-derivative financial liabilities and derivative financial liabilities.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The group has adopted the amendment for the first time in the 2010 annual financial statements.

The adoption of this amendment has not had a material impact on the results of the company, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 March 2010 or later periods:

IFRS 3 (Revised) Business Combinations

The revisions to IFRS 3 (AC 140) Business combinations require:

- Acquisition costs to be expensed.
- Non-controlling interest to either be calculated at fair value or at their proportionate share of the net identifiable assets of the acquiree.
- Contingent consideration to be included in the cost of the business combination without further adjustment to goodwill, apart from measurement period adjustments.
- All previous interests in the acquiree to be remeasured to fair value at acquisition date when control is achieved in stages, and for the fair value adjustments to be recognised in profit or loss.
- Goodwill to be measured as the difference between the acquisition date fair value of consideration paid, non-controlling interest and fair value of previous shareholding and the fair value of the net identifiable assets of the acquiree.
- The acquirer to reassess, at acquisition date, the classification of the net identifiable assets of the acquiree, except for leases and insurance contracts.
- Contingent liabilities of the acquiree to only be included in the net identifiable assets when there is a present obligation with respect to the contingent liability.

The effective date of the standard is for years beginning on or after 01 July 2009.

The group expects to adopt the standard for the first time in the 2011 annual financial statements.

It is unlikely that the standard will have a material impact on the company's annual financial statements.

IAS 27 (Amended) Consolidated and Separate Financial Statements

The revisions require:

- Losses of the subsidiary to be allocated to non-controlling interest, even if they result in the non-controlling interest being a debit balance.
- Changes in level of control without loss of control to be accounted for as equity transactions, without any gain or loss being recognised or any remeasurement of goodwill.
- When there is a change in the level of control without losing control, the group is prohibited from making reclassification adjustments.
- When control is lost, the net identifiable assets of the subsidiary as well as non-controlling interest and goodwill are to be derecognised. Any remaining investment is remeasured to fair value at the date on which control is lost, and a gain or loss on loss of control is recognised in profit or loss.

The effective date of the amendment is for years beginning on or after 01 July 2009.

The group expects to adopt the amendment for the first time in the 2011 annual financial statements.

It is unlikely that the amendment will have a material impact on the company's annual financial statements.

IAS 12 Income Taxes – consequential amendments due to IAS 27 (Amended) Consolidated and Separate Financial Statements

The amendment is as a result of amendments to IAS 27 (AC 132) Consolidate and Separate Financial Statements. The amendment refers to situations where a subsidiary, on acquisition date, did not recognise a deferred tax asset in relation to deductible temporary differences, because, for example, there may not have been sufficient future taxable profits against which to utilise the deductible temporary differences. If the deferred tax asset subsequently becomes recognisable, the amendment now requires that the deferred tax asset should be recognised against goodwill (and profit or loss to the extent that it exceeds goodwill), only if it results from information in the measurement period about circumstances that existed at acquisition date. No adjustment may be made to goodwill for information outside of the measurement period.

The effective date of the amendment is for years beginning on or after 01 July 2009.

The group expects to adopt the amendment for the first time in the 2011 annual financial statements.

It is unlikely that the amendment will have a material impact on the company's annual financial statements.

IFRS 9 (Financial Instruments: Classification and Recognition)

This statement will be the first part of a three part project to replace IAS 39 Financial Instruments: Recognition and Measurement.

The amendment was issued during November 2009 but is only effective for the annual periods beginning on or after 1 January 2013. The company will comply with the applicable standard from the year ending 31 December 2013.

It is unlikely that the amendment will have a material impact on the company's annual financial statements.

IFRIC 17 - Distribution of Non-cash Assets to Owners

The interpretation provides guidance on accounting for non-reciprocal distributions of non-cash assets to owners, or distributions where owners have a choice between a cash or non-cash distribution. The distribution is to be recognised as a dividend on the date that the dividend has been appropriately authorised and is no longer subject to the discretion of the entity, and measured at the fair value of the assets to be distributed. The carrying amount of the dividend payable shall be reviewed at each reporting date and on settlement date to ensure it reflects fair value. Changes in measurement are recognised in equity as adjustments to the amount of the distribution. Additional disclosures are required.

The effective date of the interpretation is for years beginning on or after 01 July 2009.

The group expects to adopt the interpretation for the first time in the 2011 annual financial statements.

It is unlikely that the interpretation will have a material impact on the company's annual financial statements.

IFRIC 18 – Transfers of Assets From Customers

The interpretation applies to circumstances where entities receive assets from customers to connect them to a network and/or to provide them with certain commodities, for example electricity, resulting from connection to the network. It also applies where the customer provides the entity with cash to construct such assets. It does not apply to government grants or to agreements within the scope of IFRIC 12 (AC 445) Service Concession Arrangements. If the item meets the definition of an asset to the entity, it is to be recognised at fair value. The corresponding credit shall be recognised as revenue and shall be allocated to the separately identifiable services which are provided, i.e the connection service and/or provision of access to commodities service. The revenue recognised for each service shall be based on the recognition criteria of IAS 18 (AC111) Revenue.

The effective date of the interpretation is for years beginning on or after 01 July 2009.

The group expects to adopt the interpretation for the first time in the 2011 annual financial statements.

It is unlikely that the interpretation will have a material impact on the company's annual financial statements.

IFRIC 19 (Extinguishing financial liabilities with equity instruments)

The amendment was issued during January 2009 but is only effective for annual periods beginning on or after 1 July 2010. The group will comply with the applicable standard from the year ending 31 December 2011.

The group expects to adopt the amendment for the first time in the 2010 annual financial statements.

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IAS 24 (Related Party Disclosures)

This statement will clarify the definition of related parties.

The amendment was issued during November 2009 but is only effective for the annual periods beginning on or after 1 January 2011. The company will comply with the applicable standard from the year ending 31 December 2011.

2009 Annual Improvements Project

Amendments resulting from the April 2009 annual improvements to IFRS effective for annual periods beginning on or after 1 January 2010 to the following standards, which will be applied from the year ended 31 December 2010:

- IFRS 5: Non-current assets held for sale and discontinued operations; the amendment will improve disclosure on non-current assets held for sale or discontinued operations and will clarify the correct accounting treatment on selling a controlling interest in a subsidiary;
- IFRS 8: Operating segments; the amendment will improve disclosure on information about segment assets;
- IAS 1: Presentation of financial statements; the amendment will classify convertible instruments as current or non-current;
- IAS 7: Statement of cash flow; the amendment will classify expenditure on unrecognised assets;
- IAS 17: Leases; the amendment will classify leases of land and buildings;
- IAS 21: The effects of changes in foreign exchange rates; there are consequential amendments from changes to business combinations;
- IAS 32: Financial instruments presentation; certain financial instruments will be classified as equity where previously they were classified as financial liabilities. Additionally accounting for rights issues that are denominated in a currency other than functional currency;
- IAS 36: Impairment of assets; the amendment will improve disclosure on estimates used to determine the recoverable amount;
- IAS 38: Intangible assets; the amendment will include the unit of production method for amortisation and measuring of fair value of an intangible asset acquired in a business combination;
- IAS 39: Financial instruments: Recognition and Measurement; the amendment will reclassify derivatives into or out of the classification of fair value through profit or loss.

3. INVESTMENT PROPERTY

Group	2010		2009		2008	
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	625,000	-	625,000	625,000	625,000	625,000
RECONCILIATION OF INVESTMENT PROPERTY – GROUP: 2008 – 2010						
Opening balance	Total					
Investment property	625,000	625,000	625,000	-	-	-
Fair value of investment	625,000	625,000	625,000			
PLEGDED AS SECURITY						
Carrying value of assets pledged as security:						
Investment property	625,000	625,000	625,000	-	-	-
Mortgage bond over portion 6, Erf 67 Krugersdorp at a rate of prime less 1% with 67 months remaining and payments of R 1 800 per month. Refer to note 18.						
DETAILS OF PROPERTY						
Portion 6, Erf 67 Krugersdorp (Residential house comprising buildings 140m2 in extent situated on an erf 694m2).						
- Purchase price: 5 April 1995	145,000	145,000	145,000	-	-	-
- Additions since purchase or valuation	480,000	480,000	480,000	-	-	-
	625,000	625,000	625,000	-	-	-
A register containing the information required by paragraph 22(3) of Schedule 4 of the Companies Act is available for inspection at the registered office of the company.						
DETAILS OF VALUATION						
The effective date of the revaluation was 28 February 2010. Revaluation was performed by an independent valuer, Mr P.M. Maboya. Mr Maboya is not connected to the group and has recent experience in location and category of the investment property being valued.						
The valuation was performed by reference to comparable sales of similar properties in the location of the investment property. These assumptions are based on current market conditions. Amounts recognised in profit and loss for the year.						
Rental income from investment property	9,600	10,500	9,800	-	-	-

4. PROPERTY, PLANT AND EQUIPMENT

GROUP	2010			2009			2008		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land and buildings	43,914,054	(201,749)	43,712,305	52,406,341	(135,617)	52,270,724	49,487,879	-	49,487,879
Plant and machinery	13,302,904	(7,071,652)	6,231,252	5,261,037	(2,385,462)	2,875,575	4,740,418	(2,654,676)	2,085,742
Advertising material	-	-	-	-	-	-	586,869	(21,814)	565,055
Motor vehicles	4,778,031	(2,023,661)	2,754,370	9,635,360	(4,668,772)	4,966,588	6,694,783	(2,315,916)	4,378,867
Office equipment	765,318	(277,344)	487,974	794,376	(239,844)	554,532	731,998	(160,483)	571,515
IT equipment	633,908	(395,988)	237,920	1,034,342	(748,021)	286,321	728,701	(419,647)	309,054
Computer software	82,868	(66,354)	16,514	126,004	(74,641)	51,363	86,478	(15,024)	71,454
Leasehold improvements	-	-	-	-	-	-	173,146	-	173,146
Production equipment	622,687	-	622,687	6,503,970	(5,097,620)	1,406,350	6,893,777	(4,846,301)	2,047,476
Workshop equipment	577,894	(142,871)	435,023	577,894	(94,534)	483,360	577,894	(40,828)	537,066
Hostel equipment	37,234	(29,202)	8,032	37,234	(28,310)	8,924	32,244	(27,457)	4,787
Total	64,714,898	(10,208,821)	54,506,077	76,376,558	(13,472,821)	62,903,737	70,734,187	(10,502,146)	60,232,041

COMPANY	2010			2009			2008		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land and buildings	8,081,059	(176,097)	7,904,962	6,923,711	(84,312)	6,839,399	6,912,761	-	6,912,761
Plant and machinery	704,057	(384,093)	319,964	1,142,526	(387,957)	754,569	955,157	(218,683)	736,474
Advertising material	-	-	-	-	-	-	586,869	(21,814)	565,055
Motor vehicles	2,254,590	(646,635)	1,607,955	4,604,673	(1,564,903)	3,039,770	3,995,762	(878,415)	3,117,347
Office equipment	540,913	(219,355)	321,558	650,509	(185,739)	464,770	630,093	(121,227)	508,866
IT equipment	417,622	(192,155)	225,467	829,396	(545,394)	284,002	645,422	(366,397)	279,025
Computer software	50,701	(50,270)	431	126,004	(74,641)	51,363	86,478	(15,024)	71,454
Total	12,048,942	(1,668,605)	10,380,337	14,276,819	(2,842,946)	11,433,873	13,812,542	(1,621,560)	12,190,982

4. PROPERTY, PLANT AND EQUIPMENT (continued)

GROUP 2010	Opening Balance	Additions	Disposals	Transfers	Depreciation	Impairment Loss	Total
Reconciliation of property, plant and equipment							
Land and buildings	52,270,724	1,157,347	-	(4,581,081)	(117,435)	(5,017,250)	43,712,305
Plant and machinery	2,875,575	58,537	(993,958)	4,581,081	(289,983)	-	6,231,252
Motor vehicles	4,966,588	1,117,940	(2,738,767)	-	(591,391)	-	2,754,370
Office equipment	554,532	88,596	(87,000)	-	(68,154)	-	487,974
IT equipment	286,321	183,428	(104,433)	-	(127,396)	-	237,920
Computer software	51,363	32,166	(24,144)	-	(42,871)	-	16,514
Production equipment	1,406,350	576,676	-	-	(1,360,339)	-	622,687
Workshop equipment	483,360	-	-	-	(48,337)	-	435,023
Hostel equipment	8,924	-	-	-	(892)	-	8,032
Total	62,903,737	3,214,690	(3,948,302)	-	(2,646,798)	(5,017,250)	54,506,077
GROUP 2009							
Land and buildings	49,487,879	4,643,339	-	(815,701)	(135,617)	(206,422)	52,270,724
Plant and machinery	2,085,742	187,369	88,497	692,989	(472,413)	-	2,875,575
Advertising material	565,055	-	-	(496,582)	(68,473)	-	-
Motor vehicles	4,378,867	974,061	1,424,700	(266,191)	(1,544,849)	-	4,966,588
Office equipment	571,515	47,925	5,521	(9,450)	(80,404)	-	554,532
IT equipment	309,054	200,250	2,332	(8,134)	(197,756)	-	286,321
Computer software	71,454	39,526	-	-	(59,617)	-	51,363
Leasehold improvements	173,146	-	-	(135,346)	-	(37,800)	-
Production equipment	2,047,476	47,243	-	(293,391)	(394,978)	-	1,406,350
Workshop equipment	537,066	-	-	-	(53,706)	-	483,360
Hostel equipment	4,787	4,990	-	-	(853)	-	8,924
Total	60,232,041	6,144,703	1,521,050	(1,038,415)	(3,008,666)	(244,222)	62,903,737

4. PROPERTY, PLANT AND EQUIPMENT (continued)

GROUP 2008	Opening Balance	Additions	Disposals	Transfers	Depreciation	Total
Reconciliation of property, plant and equipment						
Land and buildings	46,400,000	3,087,879	-	-	-	49,487,879
Plant and machinery	1,689,747	-	(2,741)	736,474	(337,738)	2,085,742
Advertising material	-	586,869	-	-	(21,814)	565,055
Motor vehicles	3,533,621	3,139,925	(395,658)	(736,474)	(1,162,547)	4,378,867
Office equipment	363,839	317,661	(24,948)	(25,541)	(59,496)	571,515
IT equipment	183,627	297,587	(24,388)	25,541	(173,313)	309,054
Computer software	-	86,478	-	-	(15,024)	71,454
Leasehold improvements	37,800	135,346	-	-	-	173,146
Production equipment	1,412,449	1,111,718	(114,265)	-	(362,426)	2,047,476
Workshop equipment	7,929	535,577	(309)	-	(6,131)	537,066
Hostel equipment	5,319	-	-	-	(532)	4,787
Total	53,634,331	9,299,040	(562,309)	-	(2,139,021)	60,232,041

COMPANY 2010

	Opening Balance	Additions	Disposals	Depreciation	Total
Reconciliation of property, plant and equipment					
Buildings	6,839,399	1,157,347	-	(91,784)	7,904,962
Plant and machinery	754,569	-	(300,969)	(133,636)	319,964
Motor vehicles	3,039,770	1,117,940	(2,028,619)	(521,136)	1,607,955
Office equipment	464,770	-	(87,000)	(56,212)	321,558
IT equipment	284,002	165,621	(104,433)	(119,723)	225,467
Computer software	51,363	-	(24,155)	(26,777)	431
Total	11,433,873	2,440,908	(2,545,176)	(949,268)	10,380,337

4. PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY 2009	Opening Balance	Additions	Disposals	Depreciation	Total
Reconciliation of property, plant and equipment					
Buildings	6,912,761	10,950	-	(84,312)	6,839,399
Plant and machinery	736,474	187,369	-	(169,274)	754,569
Advertising material	565,055	-	(496,582)	(68,473)	-
Motor vehicles	3,117,347	974,061	(184,198)	(867,440)	3,039,770
Office equipment	508,866	27,759	(7,159)	(64,696)	464,770
IT equipment	279,025	189,473	(3,666)	(180,830)	284,002
Computer software	71,454	39,526	-	(59,617)	51,363
Total	12,190,982	1,429,138	(691,605)	(1,494,642)	11,433,873

COMPANY 2008	Opening Balance	Additions	Disposals	Transfers	Depreciation	Total
Reconciliation of property, plant and equipment						
Buildings	6,800,000	112,761	-	-	-	6,912,761
Plant and machinery	-	-	-	736,474	-	736,474
Furniture and fixtures	-	586,869	-	-	(21,814)	565,055
Motor vehicles	1,927,608	3,006,241	(382,528)	(736,474)	(697,500)	3,117,347
Office equipment	243,417	309,694	-	-	(44,245)	508,866
IT equipment	176,503	282,279	(24,388)	-	(155,369)	279,025
Computer software	-	86,478	-	-	(15,024)	71,454
Total	9,147,528	4,384,322	(406,916)	-	(933,952)	12,190,982

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4. PROPERTY, PLANT AND EQUIPMENT (continued)

	Group			Company		
Figures in Rand	2010	2009	2008	2010	2009	2008

PLEDGED AS SECURITY

Carrying value of assets pledged as security:

Land and buildings	6,516,433	10,481,153	4,922,521	3,867,497	2,801,934	2,875,296
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First continuing covering mortgage bond for R1,500,000 over portion 554 (a portion of portion 502) of the farm Boschkop with Standard Bank. Refer to note 15 on cash and cash equivalents.

Second continuing coverage mortgage bond for R3,900,000 with Standard Bank. Refer to note 15 on cash and cash equivalents.

Unrestricted cession of Santam Material Damage Insurance Policy and SASRIA cover over portion 554 (a portion of portion 20 of the farm Boschkop).

First continuing covering mortgage bond for R7,300,000 over portion 10 of the farm welbedachtsfontein no 300 with Yakani Infracore (Pty) Ltd. Refer to note 18 other financial liabilities.

First ranking general and special notarial bond over movable assets. First continuing covering mortgage bond for R 13,000,000 over remaining of Portion 140 and 143 of Farm Luipaardsvlei by Landton Properties (Pty) Ltd. Unrestricted cession of material damage insurance policy including Sasria over remaining of Portion 140 and 143 of Farm Luipaardsvlei by Landton Properties (Pty) Ltd.

Plant and machinery	351,874	460,438	588,874	351,874	460,438	588,874
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Certain plant and machinery has been pledged as security for instalment sale agreements. Refer to note 19.

Motor vehicles	2,162,048	3,897,121	6,059,169	2,162,048	3,897,121	6,059,169
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Certain plant and machinery has been pledged as security for instalment sale agreements. Refer to note 19.

4. PROPERTY, PLANT AND EQUIPMENT (continued)

	Group			Company		
Figures in Rand	2010	2009	2008	2010	2009	2008
CAPITALISED EXPENDITURE						
Land and buildings	1,157,348	4,632,389	254,029	1,157,348	10,950	1,675,296

REVALUATIONS

Property 1, 3 - 6: Honeydew, Luipaardsvlei and Zuurbekom

The effective date of the revaluations was 28 February 2009. Revaluations were performed by an independent valuer, Mr MF Bezuidenhout [Professional Associated Valuer, Reg. No.: 4462]. Mr Bezuidenhout is not connected to the group and has recent experience in location and category of the land and buildings being valued.

Property 2: Uitenhage

The effective date of the revaluation was 28 February 2009. Revaluations were performed by an independent valuer, from CMW Real Estate, Mr E Kruger. Mr Kruger is not connected to the group and has recent experience in location and category of the land and buildings being valued.

The recoverable amount of land and buildings is determined based on the value-in-use calculation which uses cash flow projections based on a combination of financial budgets, interim results and current results and forecasts, approved by directors, and a discounted rate of 19%. Based on this, the fair value of the hostel building in Landton Properties (Pty) Ltd has been impaired by R 5,017,000.

Land and buildings are revalued independently with sufficient regularity to identify significant changes in the fair value.

The carrying value of the revalued assets under the cost model would have been:

Land and buildings	6,914,327	10,481,153	4,452,126	3,867,497	2,801,934	2,875,296
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4. PROPERTY, PLANT AND EQUIPMENT (continued)

	Group			Company		
Figures in Rand	2010	2009	2008	2010	2009	2008

DETAILS OF PROPERTIES

Property 1

Portion 554 (a portion of 543), of the farm Boschkop, No. 1991.Q., Honeydew. (Retail use, 8,600m² in extent).

- Purchase price: 19 March 2003	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
- Revaluation	4,037,465	4,037,465	4,037,465	4,037,465	4,037,465	4,037,465
- Capitalised expenditure	2,843,594	1,686,246	1,675,296	2,843,594	1,686,246	1,675,296
- Depreciation on buildings	(176,097)	(84,312)	-	(176,097)	(84,312)	-
	7,904,962	6,839,399	6,912,761	7,904,962	6,839,399	6,912,761

Property 2

Portion 10 (a portion of Portion 1) of the farm Welbedachtsfontein No 300 (in extent approximately 13 hectares) in the division Uitenhage, situated at Morester Farm, Coega

- Purchase price: 1 December 2005	1,600,000	1,600,000	1,600,000	-	-	-
- Revaluation	254,029	4,886,418	254,029	-	-	-
- Depreciation	(25,649)	(51,305)	-	-	-	-
	1,828,380	6,435,113	1,854,029	-	-	-

Property 3

Portion 140 (a portion of portion 1) of the farm Luipaardsvlei 246, Krugersdorp (with land of 31.1903 ha in extent with various buildings of 11 717m² in extent)

- Purchase price: 31 December 1965	4,405	4,405	4,405	-	-	-
- Revaluation	32,786,161	37,803,411	37,582,192	-	-	-
- Capitalised expenditure	216,944	216,944	216,944	-	-	-
	33,007,510	38,024,760	37,803,541	-	-	-

4. PROPERTY, PLANT AND EQUIPMENT (continued)

	Group			Company		
Figures in Rand	2010	2009	2008	2010	2009	2008

DETAILS OF PROPERTIES

Property 4

Portion 143 (a portion of portion 1), of the farm Luipaardsveli 246, Krugersdorp, with improvements thereon (land of 54.4188ha in extent)

- Purchase price: 6 December 1971	182,272	182,272	182,272	-	-	-
- Capitalised expenditure	402,748	402,748	402,748	-	-	-
	585,020	585,020	585,020	-	-	-

Property 5

Portion 169 (a portion of portion 1) of the farm Luipaardsvlei 246, Krugersdorp, with improvements thereon (land of 54.4188ha in extent)

- Purchase price: 6 October 1987	14,187	14,187	14,187	-	-	-
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Property 6

Portion 38 of farm 297, Zuurbekom (73.7890ha in extent)

- Purchase price: 30 July 2003	350,000	350,000	350,000	-	-	-
- Capitalised expenditure	22,245	22,245	120,395	-	-	-
- Revaluation	-	-	1,847,946	-	-	-
	372,245	372,245	2,318,341	-	-	-

A register containing the information required by paragraph 22(3) of Schedule 4 of the Companies Act is available for inspection at the registered office of the company.

5. GOODWILL

Group	2010			2009			2008		
	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Goodwill	-	-	-	-	-	-	5,355,454	-	5,355,454
RECONCILIATION OF GOODWILL – GROUP – 2009									
			Opening balance		Additions of Dash Brick and Building Supplies (Pty) Ltd		Impairment loss		Total
Goodwill			5,355,454		7,722,686		(13,078,140)		-
RECONCILIATION OF GOODWILL – GROUP – 2008									
			Opening balance		Additions through business combinations		Acquisition of going concern by subsidiary		Total
Goodwill			-		5,105,454		250,000		5,355,454

The cash-generating unit relating to goodwill is the business of Dash Brick and Buildings Supplies (Proprietary) Limited and African Brick Lenasia (Proprietary) Limited and Pentz Steenmakery CC.

The recoverable amount of goodwill has been determined on the basis of value-in-use calculations. The value-in-use calculations use the cash flow projection method based on 2010 cash flow projections, discounted back at the weighted average cost of capital. Key assumptions used in the value-in-use calculations include budgeted revenue streams. Such assumptions are based on historical results and adjusted for anticipated future growth. Based on this calculation the recoverable amount attributable to Dash Brick and Building Supplies (Proprietary) Limited, African Brick Lenasia (Proprietary) Limited and Pents Steenmakery CC was less than the carrying value and resulted in an impairment to goodwill of R 7,722,686 and R 5,355,454 respectively.

6. INTANGIBLE ASSETS

Group	2010			2009			2008		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Clay rights	-	-	-	-	-	-	162,253	-	162,253
Clay reserves	9,724,558	(4,505,472)	5,219,086	8,222,730	(3,003,648)	5,219,082	30,036,477	(1,501,824)	28,534,653
Total	9,724,558	(4,505,472)	5,219,086	8,222,730	(3,003,648)	5,219,082	30,198,730	(1,501,824)	28,696,906
RECONCILIATION OF INTANGIBLE ASSETS – GROUP – 2010									
			Opening balance		Amortisation		Impairment reversal		Total
Clay mineral reserves			5,219,082		(289,994)		289,998		5,219,086
RECONCILIATION OF INTANGIBLE ASSETS – GROUP – 2009									
			Opening balance		Amortisation		Impairment loss		Total
Clay rights			162,253		-		(162,253)		-
Clay mineral reserves			28,534,653		(1,501,824)		(21,813,747)		5,219,082
			28,696,906		(1,501,824)		(21,976,000)		5,219,082
RECONCILIATION OF INTANGIBLE ASSETS – GROUP – 2008									
			Opening balance		Additions through business combinations		Amortisation		Total
Clay rights			162,253		-		-		162,253
Clay mineral reserves			-		30,036,477		(1,501,824)		28,534,653
			162,253		30,036,477		(1,501,824)		28,696,906

Impairment of clay mineral reserve

The recoverable amount of clay mineral reserves has been determined on the basis of value-in-use calculations. The value-in-use calculations use the cash flow projection method based on 2010 cash flow projections, discounted back at the weighted average cost of capital of 19%. Key assumptions used in the value-in-use calculations include budgeted revenue streams, production capacity and production volumes. Such assumptions are based on historical results and adjusted for anticipated future growth. The directors believe that any reasonable possible change in the key assumptions on which the recoverable amount is based, would not cause the clay mineral reserves' carrying amount to further exceed its recoverable amount.

The useful life of clay minerals reserves is considered to be 20 years or 1.485 billion production units. Amortisation is calculated using the unit of production method. This method used is selected on the basis of the expected pattern of consumption of the expected future economic benefits.

These assumptions are based on current market conditions.

7. INVESTMENTS IN SUBSIDIARIES

Name of company	Held by	Group			Company		
		% holding 2010	% holding 2009	% holding 2008	Carrying amount 2010	Carrying amount 2009	Carrying amount 2008
African Brick (Pty) Ltd		100.00%	100.00%	100.00%	23,000,000	23,000,000	23,000,000
African Brick Lenasia (Pty) Ltd		100.00%	100.00%	100.00%	12,500,000	12,500,000	12,500,000
Landton Properties (Pty) Ltd		100.00%	100.00%	100.00%	40,000,000	40,000,000	40,000,000
Dash Brick and Buildings Supplies (Pty) Ltd		100.00%	100.00%	- %	12,090,750	12,090,750	-
Impairment of investment in subsidiaries		- %	- %	- %	87,590,750 (32,721,809)	87,590,750	75,500,000
					54,868,941	87,590,750	75,500,000

IMPAIRMENT OF INVESTMENT IN SUBSIDIARIES

The recoverable amount of investment in subsidiaries has been determined on the basis of the net asset values of subsidiaries. Based on this calculation the recoverable amount attributable to Dash Brick and Building Supplies (Proprietary) Limited, Landton Properties (Proprietary) Limited, African Brick (Pty) Ltd and African Brick Lenasia (Pty) Ltd has been impaired. The carrying amounts of subsidiaries net of impairment losses are shown below:

African Brick (Pty) Ltd	-	-	15,136,047	23,000,000	23,000,000
African Brick Lenasia (Pty) Ltd	-	-	8,854,271	12,500,000	12,500,000
Landton Properties (Pty) Ltd	-	-	24,049,617	40,000,000	40,000,000
Dash Brick and Buildings Supplies (Pty) Ltd	-	-	1,828,946	12,090,750	12,090,750

8. LOANS TO/FROM GROUP COMPANIES

Name of company	Group			Company		
	Held by	% holding 2010	% holding 2009	% holding 2008	Carrying amount 2010	Carrying amount 2009 amount 2008
SUBSIDIARIES						
African Brick (Pty) Ltd		-	-	-	17,811,956	9,511,531 (363,882)
Dash Brick and Building Supplies (Pty) Ltd		-	-	-	1,338,259	2,860,069
Landon Properties (Pty) Ltd		-	-	-	270,365	242,748 402,748
African Brick Lenasia (Pty) Ltd		-	-	-	-	(194,333) (4,235)
					19,420,580	12,420,015 34,631
The loans are unsecured, bears interest at prime and has no fixed terms of repayment.						
Non-current assets		-	-	-	19,420,580	12,614,348 402,748
Non-current liabilities		-	-	-	-	(194,333) (368,117)
					19,420,580	12,420,015 34,631

Credit quality of loans to group companies

The credit quality of loans to Group companies are assessed with reference to the repayment history of the companies. The companies have not been blacklisted. The company's maximum exposure to credit risk with regards to the loans to Group companies are limited to the carrying value of the loans to Group companies as detailed above.

Fair value of loans to and from group companies

As no repayment terms exists, the fair value of the Group loans cannot be determined, therefore the carrying values of loans to Group companies approximates their fair values. The loans to the Group companies have not been pledged as security for any other financial obligations.

Loans to group companies past due but not impaired

The loans to Group companies are considered to be neither past due nor impaired and subsequently no provision was created for the irrecoverability of any portion (or the whole) of the loans to Group companies. The terms of the loans to group companies have not been renegotiated during the year.

Subordination of loans to group companies

African Brick Centre Limited has subordinated its right to claim payment of a debt of R17,8 million (2009: Nil; 2008: Nil) owing by African Brick (Pty) Ltd, a wholly owned subsidiary, until the assets of this company exceed the liabilities. African Brick (Pty) Ltd waives its right of claiming in favour of other creditors in the event of insolvency.

9. LOANS FROM SHAREHOLDERS

Name of company	Group			Company		
	Held by	Carrying amount 2010	Carrying amount 2009	Carrying amount 2010	Carrying amount 2009	Carrying amount 2008
B. van Graan (Jnr)		-	(101,798)	(100,213)	(99,747)	(98,162)
P.J. Gouws		-	(12,500)	(12,500)	(12,500)	(12,500)
B. Reynecke		-	(12,500)	(8,058)	(12,500)	(8,058)
Indequity International (Pty) Ltd		-	(6,250)	(6,250)	(6,250)	(6,250)
M&R Global Finance Ltd		-	(6,250)	(6,250)	(6,250)	(6,250)
		-	(139,298)	(133,271)	(137,247)	(131,220)

The loans are unsecured, bear no interest and have no fixed terms of repayment.

Fair value of loans to and from shareholders

As no repayment terms exists, the fair value of loans from shareholders cannot be determined, therefore the carrying values of these loans approximates their fair values.

10. OTHER FINANCIAL ASSETS

Figures in Rand	Group			Company		
	2010	2009	2008	2010	2009	2008
AVAILABLE-FOR-SALE						
Unlisted shares in Magaliesgraan Kooperasie	5,294	5,294	5,294	-	-	-
HELD TO MATURITY						
Liberty Life redemption policy	2,839,000	835,550	-	2,839,000	835,550	-
The policy is payable over 60 months at R 167,000 per month. Pledged as security against the capital of the R 10,000,000 Medium Term Loan. Refer to note 18.						
Total other financial assets	2,844,294	840,844	5,294	2,839,000	835,550	-
NON-CURRENT ASSETS						
Available for sale	5,294	5,294	5,294	-	-	-
Held to maturity	2,839,000	835,550	-	2,839,000	835,550	-
	2,844,294	840,844	5,294	2,839,000	835,550	-

Fair value information

Available-for-sale financial assets are recognised at fair value, unless they are unlisted equity instruments and the fair value cannot be determined using other means, in which case they are measured at cost. Fair value information is not provided for these financial assets.

The fair value of available for sale investments could not be determined but the difference between the carrying amount of these instruments and their respective fair values are deemed to be immaterial. The shares are subsequently measured at cost plus levy expenditure.

The group has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

There were no gains or losses realised on the disposal of held to maturity financial assets in 2010 and 2009.

Credit quality of other financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates. The maximum exposure to credit risk at the reporting date is the carrying amount.

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11. DEFERRED TAX

Figures in Rand	Group			Company		
	2010	2009	2008	2010	2009	2008
DEFERRED TAX ASSET						
Accelerated capital allowances for tax purposes	(843,473)	(718,110)	(792,142)	-	11,306	11,306
Revaluation, net of related depreciation	(9,201,279)	(10,626,297)	(10,698,332)	(565,244)	(585,432)	(585,432)
Tax losses available for set off against future taxable income	630,677	73,005	73,005	565,244	-	-
Operating lease accrual	-	9,695	9,695	-	-	-
Rehabilitation provision	646,758	89,900	89,900	-	-	-
	(8,767,317)	(11,171,807)	(11,317,874)	-	(574,126)	(574,126)

RECONCILIATION OF DEFERRED TAX ASSET (LIABILITY)

At beginning of the year	(11,171,807)	(11,317,874)	(11,184,490)	(574,126)	(574,126)	(574,126)
Increase in tax losses available for set off against future taxable income	557,672	-	-	553,938	-	-
Originating temporary difference on tangible fixed assets	(125,363)	74,032	(133,384)	-	-	-
Reversal of operating lease accrual	(9,695)	-	-	-	-	-
Originating temporary difference on revaluation of property	1,425,018	72,035	-	20,188	-	-
Originating temporary differences on rehabilitation provision	556,858	-	-	-	-	-
	(8,767,317)	(11,171,807)	(11,317,874)	-	(574,126)	(574,126)

12. INVENTORIES

Raw materials, components	3,808,516	3,393,429	4,352,991	-	-	-
Work in progress	6,751,435	4,987,767	8,396,214	-	-	-
Finished goods	9,744,260	15,780,765	20,723,631	-	6,525,897	20,723,631
Production supplies	-	128,235	330,984	-	-	-
Consumable goods	-	23,360	964,439	-	-	879,978
	20,304,211	24,313,556	34,768,259	-	6,525,897	21,603,609

13. LOANS TO MANAGERS AND EMPLOYEES

Figures in Rand	Group			Company		
	2010	2009	2008	2010	2009	2008
At beginning of the year	148,349	796,475	90,214	119,527	741,790	26,032
Advances	-	-	970,859	-	-	966,299
Repayments/classification	(148,349)	(648,126)	(264,598)	(119,527)	(622,263)	(250,541)
	-	148,349	796,475	-	119,527	741,790

The loans to managers and employees are unsecured, bear no interest and have no fixed terms of repayment.

Fair values of loans to managers and employees

The fair value of loans to managers and employees approximates their carrying values.

14. TRADE AND OTHER RECEIVABLES

Trade receivables	10,549,565	22,009,370	15,643,107	137,350	14,085,176	15,673,736
Provision for bad debts	(1,507,864)	(897,792)	(50,250)	-	(810,000)	(50,250)
Deposits	400,000	480,786	670,387	400,000	400,000	400,000
Other receivables	159,041	306	500,057	52,108	-	500,057
Prepayments	10,800	-	122,000	-	-	-
Staff loans	124,075	-	-	86,695	-	-
VAT	248,488	203,120	125,512	166,787	-	-
	9,984,105	21,795,790	17,010,813	842,940	13,675,176	16,523,543

Trade and other receivables pledged as security

Trade receivables are pledged for overdraft facilities.

Credit quality of trade and other receivables

The credit quality of trade receivables that are neither past nor due nor impaired can be assessed by reference to historical repayment trends and CGIC insurance of the individual debtors. Credit terms are only offered to highly reputable clients. The trade debtors are spread over a broad spectrum of companies in the construction and retail sector, with the concentration risk attached to debtors limited to the construction sector. The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above.

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14. TRADE AND OTHER RECEIVABLES (continued)

Figures in Rand	Group			Company		
	2010	2009	2008	2010	2009	2008
TRADE RECEIVABLES						
Total trade receivables within normal terms (Low risk)						
Trade receivables outstanding within normal credit terms	6,187,136	-	-	-	-	-
CGIC insurance at 75% of outstanding trade receivables	(4,640,352)	-	-	-	-	-
Uncovered trade receivables outstanding within normal credit terms	1,546,784	-	-	-	-	-

Total trade receivables outside normal terms (High risk)

Trade receivables outstanding longer than 90 days	4,362,429	2,905,311	-	-	-	-
CGIC insurance on trade receivables outside normal terms	(2,012,077)	(1,243,081)	-	-	-	-
Provision for bad debts raised	(1,507,684)	(810,000)	-	-	-	-
Uncovered trade receivables outstanding longer than 90 days	842,668	852,230	-	-	-	-

None of the financial assets that are fully performing have been renegotiated in the last year.

Fair value of trade and other receivables

Normal credit terms advanced varies between 30 – 60 days. All trade other receivables' fair values approximate their carrying values.

TRADE AND OTHER RECEIVABLES PAST DUE BUT NOT IMPAIRED

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 28 February 2010, R 842,486 (2009: R Nil; 2008: R Nil) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	85,374	-	-	-	-	-
2 months past due	46,512	-	-	-	-	-
3 months past due	710,601	-	-	-	-	-

TRADE AND OTHER RECEIVABLES IMPAIRED

As of 28 February 2010, group trade and other receivables of R 1,507,864 (2009: R 897,792 ; 2008: R 50,250) and company trade and other receivables of R Nil (2009: R 810,000; 2008: 50,250) were impaired and provided for.

Reconciliation of provision for impairment of trade and other receivables:

Opening balance	897,792	50,250	-	810,000	50,250	-
Provision for impairment raised	1,420,072	897,792	50,250	-	810,000	50,250
Amounts written off as uncollectable	(810,000)	(50,250)	-	(810,000)	(50,250)	-
	1,507,864	897,792	50,250	-	810,000	50,250

15. CASH AND CASH EQUIVALENTS

	Group			Company		
Figures in Rand	2010	2009	2008	2010	2009	2008
CASH AND CASH EQUIVALENTS CONSIST OF:						
Cash on hand	71,123	45,227	55,450	13,950	9,646	43,450
Bank balances	859,738	901,468	4,431,697	-	-	288,148
Short-term deposits	175,527	619,901	32,105,799	100,988	62,296	27,925,575
Bank overdraft	(7,033,458)	(3,218,453)	-	(4,574,032)	(3,218,453)	-
	(5,927,070)	(1,651,857)	36,592,946	(4,459,094)	(3,146,511)	28,257,173
Current assets	1,106,388	1,566,596	36,592,946	114,938	71,942	28,257,173
Current liabilities	(7,033,458)	(3,218,453)	-	(4,574,032)	(3,218,453)	-
	(5,927,070)	(1,651,857)	36,592,946	(4,459,094)	(3,146,511)	28,257,173

- First continuing covering mortgage bond for R1,500,000 over portion 554 (a portion of portion 502) of the farm Boschkop with Standard Bank
- Second continuing coverage mortgage bond for R3,900,000 with Standard Bank.
- Unrestricted cession of Santam Material Damage Insurance Policy and SASRIA cover over portion 554 (a portion of portion 20 of the farm Boschkop.
- First continuing covering mortgage bond for R 13,000,000 over remaining of Portion 140 and 143 of Farm Luipaardsvlei by Landton Properties (Pty) Ltd.
- Unrestricted cession of material damage insurance policy including Sasria over remaining of Portion 140 and 143 of Farm Luipaardsvlei by Landton Properties (Pty) Ltd.

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates.

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16. SHARE CAPITAL

Figures in Rand	Group			Company		
	2010	2009	2008	2010	2009	2008
AUTHORISED						
1,000,000,000 Ordinary shares of 0.1cent each	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
250,000,000 Preference shares of 0.1 cent each	250,000	250,000	250,000	250,000	250,000	250,000
	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000

RECONCILIATION OF NUMBER OF SHARES ISSUED

Reported as at the beginning of the period	312,237,960	312,237,960	100	312,237,960	312,237,960	100
Sub-division of historic 100 R1 shares into 100,000 0.1cent shares	-	-	99,900	-	-	99,900
Issue of ordinary shares	-	-	274,900,000	-	-	274,900,000
Issue of ordinary shares to directors	-	-	45,000,000	-	-	45,000,000
Share buy back	-	-	(7,762,040)	-	-	(7,762,040)
	312,237,960	312,237,960	312,237,960	312,237,960	312,237,960	312,237,960

ISSUED

312,237,960 Ordinary shares of 0.1cent each	312,238	312,238	312,238	312,238	312,238	312,238
Share premium	113,003,131	113,003,131	113,029,264	113,003,131	113,003,131	113,029,264
	113,315,369	113,315,369	113,341,502	113,315,369	113,315,369	113,341,502

17. REVALUATION RESERVE

Revaluation of land and buildings	4,037,465	4,037,465	4,037,465	4,037,465	4,037,465	4,037,465
Deferred tax on revaluation of land and buildings	(565,245)	(585,432)	(585,432)	(565,245)	(585,432)	(585,432)
Reversal of revaluation reserve	(789,997)	(789,997)	-	-	-	-
	2,682,223	2,662,036	3,452,033	3,472,220	3,452,033	3,452,033

18. OTHER FINANCIAL LIABILITIES

Figures in Rand	Group			Company		
	2010	2009	2008	2010	2009	2008
HELD AT AMORTISED COST						
Standard Bank of South Africa - Medium Term Loan	10,017,340	10,030,660	-	10,014,384	10,030,660	-
Interest on the loan is repayable monthly, charged at current commercial rates, whereas the capital is only payable at the end of the loan term of 5 years. Secured by an unrestricted cession of the Liberty Life Redemption Policy. Refer to note 9.						
Mortgage Bond	26,829	45,928	58,942	-	-	-
Mortgage bond over portion 6, Erf 67 Krugersdorp at a rate of prime less 1% with 67 months remaining and payments of R 1,800 per month. Refer to note 3.						
Yakani Infraco (Pty) Ltd	3,440,753	-	-	-	-	-
Interest on the loan is charged at prime plus 2%. The capital is payable at the end of the loan term, 28 February 2011. The loan is secured by specific notarial covering bond over plant and machinery and covering bond over land and buildings. Refer to note 4						
Franchise deposit held	-	100,000	-	-	100,000	-
	13,484,922	10,176,588	58,942	10,014,384	10,130,660	-
NON-CURRENT LIABILITIES						
At amortised cost	10,017,340	10,176,588	58,942	10,014,384	10,130,660	-
CURRENT LIABILITIES						
At amortised cost	3,467,582	-	-	-	-	-
	13,484,922	10,176,588	58,942	10,014,384	10,130,660	-

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19. INSTALMENT SALE OBLIGATION

Figures in Rand	Group			Company		
	2010	2009	2008	2010	2009	2008
MINIMUM PAYMENTS DUE						
- within one year	852,451	2,445,734	2,060,935	640,270	1,925,269	1,621,821
- in second to fifth year inclusive	1,100,116	2,274,389	3,887,718	834,977	1,610,267	2,385,873
	1,952,567	4,720,123	5,948,653	1,475,247	3,535,536	4,007,694
less: future finance charges	(278,458)	(934,906)	(1,099,331)	(213,836)	(648,388)	(676,407)
Present value of minimum payments	1,674,109	3,785,217	4,849,322	1,261,411	2,887,148	3,331,287

PRESENT VALUE OF MINIMUM PAYMENTS DUE

- within one year	704,658	1,996,270	1,716,515	533,354	1,589,076	1,355,337
- in second to fifth year inclusive	969,451	1,788,947	3,132,807	728,057	1,298,072	1,975,950
	1,674,109	3,785,217	4,849,322	1,261,411	2,887,148	3,331,287
Non-current liabilities	969,451	1,788,947	3,132,807	728,057	1,298,072	1,975,950
Current liabilities	704,658	1,996,270	1,716,515	533,354	1,589,076	1,355,337
	1,674,109	3,785,217	4,849,322	1,261,411	2,887,148	3,331,287

It is group policy to lease certain motor vehicles and equipment under instalment sale agreements.

The average instalment sale term was 3-6 years and the average effective borrowing rate was 11% (2009: 15% ; 2008: 14%) Interest rates are fixed at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The group's obligations under instalment sale agreements are secured by the charge over the fixed assets. Refer note 4.

MARKET RISK

For details of sensitivity of exposures to market risk related to instalment sale liabilities, as well as liquidity risk refer to note 35. The fair value of installment sale liabilities approximates their carrying amounts.

20. PROVISIONS

RECONCILIATION OF PROVISIONS – GROUP – 2010

	Opening balance	Total
Environmental rehabilitation	5,200,000	5,200,000

RECONCILIATION OF PROVISIONS – GROUP – 2009

	Opening balance	Additions	Total
Environmental rehabilitation	910,000	4,290,000	5,200,000

RECONCILIATION OF PROVISIONS – GROUP – 2008

	Opening balance	Total
Environmental rehabilitation	910,000	910,000

	Group			Company		
Figures in Rand	2010	2009	2008	2010	2009	2008
Non-current liabilities	4,700,000	4,700,000	-	-	-	-
Current liabilities	500,000	500,000	910,000	-	-	-
	5,200,000	5,200,000	910,000	-	-	-

The environmental rehabilitation provision represents management's best estimate of the group's liability based on an assessment performed by the directors in line with the regulations as stipulated by the Department of Minerals and Energy.

The group's rehabilitation provision is a result of activities to excavate raw materials used in the brick manufacturing process. A provision is recognised for the present value of costs to be incurred, for the rehabilitation of the land where the excavation activities are taking place. The expected timing to settle the rehabilitation provision is uncertain at balance sheet date.

21. TRADE AND OTHER PAYABLES

Trade payables	7,811,625	17,793,593	10,852,483	226,424	10,653,307	11,611,244
VAT	214,428	225,309	252,797	-	128,253	152,593
Accrued expenses	944,490	595,397	355,511	108,954	204,777	158,658
	8,970,543	18,614,299	11,460,791	335,378	10,986,337	11,922,495

Fair value of trade and other payables

All trade and other payables' fair values approximate their carrying values.

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22. REVENUE

	Group		Company	
Figures in Rand	2010	2009	2010	2009
Sale of goods	88,863,441	191,699,674	-	136,250,176
Rendering of services	916,462	-	2,838,216	-
Royalty income	-	168,221	-	168,221
	89,779,903	191,867,895	2,838,216	136,418,397

23. OPERATING PROFIT

Operating (loss) profit for the year is stated after accounting for the following:

OPERATING LEASE CHARGES

Premises

- Contractual amounts	790,940	87,641	-	-
Profit (loss) on sale of property, plant and equipment	219,113	32,343	(44,001)	11,669
Impairment on property, plant and equipment	5,017,250	244,222	-	-
Impairment on intangible assets	-	21,976,000	-	-
Reversal of impairment on intangible assets	(289,994)	-	-	-
Impairment of investment in subsidiaries	-	-	32,721,809	-
Impairment on staff loans	-	549,450	-	549,450
Amortisation on intangible assets	289,994	1,501,824	-	-
Depreciation on property, plant and equipment	2,646,793	3,008,666	949,268	1,494,641
Employee costs	17,751,254	13,105,206	4,426,334	8,216,719
Impairment of goodwill	-	13,078,140	-	-

24. INVESTMENT REVENUE

INTEREST REVENUE

Bank	10,809	1,074,693	-	589,155
Other interest	192,299	-	2,305,734	-
	203,108	1,074,693	2,305,734	589,155

25. FINANCE COSTS

Instalment sale agreements	331,381	465,239	290,628	286,240
Bank	1,634,627	594,237	1,488,704	357,535
South African Revenue Services	-	478,884	-	233,567
	1,966,008	1,538,360	1,779,332	877,342

26. TAXATION

	Group		Company	
Figures in Rand	2010	2009	2010	2009
CURRENT				
Local income tax - current period	-	595,187	-	-
	-	595,187	-	-
DEFERRED				
Originating and reversing temporary differences	114,057	(74,032)	-	-
Arising from previously unrecognised tax losses	(546,366)	-	(553,938)	-
Temporary difference on impairment of buildings	(1,404,830)	-	-	-
Originating temporary differences on rehabilitation provisions	(556,858)	-	-	-
Reversing of temporary difference on operating lease	9,695	-	-	-
	(2,384,302)	(74,032)	(553,938)	-
	(2,384,302)	521,155	(553,938)	-
RECONCILIATION OF THE TAX EXPENSE				
Reconciliation between accounting profit and tax expense.				
Accounting profit (loss)	(17,764,052)	(75,503,723)	(33,031,353)	(29,049,010)
Tax at the applicable tax rate of 28% (2009: 28%)	(4,973,935)	(21,141,042)	(9,248,779)	(8,133,723)
TAX EFFECT OF ADJUSTMENTS ON TAXABLE INCOME				
Non deductible expenses	-	10,559,019	9,162,107	438,152
Non taxable income	-	438,152	-	-
Tax losses carried forward	2,589,633	11,147,776	(467,266)	7,695,571
	(2,384,302)	521,155	(553,938)	-

No provision has been made for 2010 tax as the group has no taxable income. The estimated tax loss available for set off against future taxable income is R 52,712,857 (2009: R 40,311,676 ; 2008: R Nil).

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27. AUDITORS' REMUNERATION

Figures in Rand	Group		Company	
	2010	2009	2010	2009
Fees	5,272	430,000	-	190,000
Consulting	-	34,635	-	34,635
	5,272	464,635	-	224,635

28. CASH (USED IN) GENERATED FROM OPERATIONS

(Loss) profit before taxation	(17,764,052)	(75,503,723)	(33,031,353)	(29,049,010)
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ADJUSTMENTS FOR

Depreciation and amortisation	2,936,787	4,510,490	949,268	1,494,641
(Profit) loss on sale of assets	(219,113)	(32,343)	44,001	(11,669)
Interest received	(203,108)	(1,074,693)	(2,305,734)	(589,155)
Finance costs	1,966,008	1,538,360	1,779,332	877,342
Fair value adjustments	-	(159,278)	-	-
Impairment loss	4,727,256	39,905,942	32,721,809	-
Movements in operating lease assets and accruals	-	(33,430)	-	-
Movements in provisions	-	4,290,000	-	-
Other non-cash items	-	2,457,998	-	-

CHANGES IN WORKING CAPITAL

Inventories	4,009,345	5,847,122	6,525,897	15,077,712
Trade and other receivables	11,811,685	(4,784,976)	12,832,236	2,848,367
Prepayments	-	248,052	-	248,052
Trade and other payables	(9,643,756)	7,153,508	(10,650,959)	(936,158)
	(2,378,948)	(15,636,971)	8,864,497	(9,543,296)

29. TAX PAID

Balance at beginning of the year	492,175	(11,476,424)	283,299	(5,043,451)
Current tax for the year recognised in profit or loss	-	(595,187)	-	-
Balance at end of the year	(781,092)	(492,175)	(283,299)	(283,299)
	(288,917)	(12,563,786)	-	(5,326,750)

30. CONTINGENCIES

The group has offered termination benefits to certain of its employees. The group has finalised and agreed, with the trade unions, the terms and conditions of the plan. The plan has been implemented and will continue for the next three months. Management are uncertain about the number of employees who will accept the offer. If all employees take the offer the potential financial effect would approximately be R 138,652.

31. RELATED PARTIES

RELATIONSHIPS

Holding company	Yakani Infracore (Proprietary) Limited
Subsidiaries	Refer to note 7
Fellow subsidiary	Brickveld (Pty) Ltd
Members of key management	Refer to directors report

	Group		Company	
Figures in Rand	2010	2009	2010	2009

RELATED PARTY BALANCES

Loan accounts – Owing (to) by related parties

African Brick (Pty) Ltd	-	-	17,811,956	9,511,531
Landton Properties (Pty) Ltd	-	-	270,365	242,748
African Brick Lenasia (Pty) Ltd	-	-	-	(194,333)
Dash Brick and Building Supplies (Pty) Ltd	-	-	1,388,259	2,860,069
Yakani Infracore (Pty) Ltd	(3,440,753)	-	(3,440,753)	-

Amounts included in Trade receivable (Trade Payable) regarding related parties

African Brick (Pty) Ltd	-	-	-	593
African Brick Lenasia (Pty) Ltd	-	-	-	428,407
Dash Brick and Building Supplies (Pty) Ltd	-	-	-	859,979
Dash Brick and Building Supplies (Pty) Ltd	-	-	-	(335,174)

RELATED PARTY TRANSACTIONS

Interest paid to (received from) related parties

African Brick (Pty) Ltd	-	-	(1,722,248)	-
Dash Brick and Building Supplies (Pty) Ltd	-	-	(551,829)	-
Landton Properties (Pty) Ltd	-	-	(27,617)	-
Yakani Infracore (Pty) Ltd	40,753	-	40,753	-

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	Group		Company	
Figures in Rand	2010	2009	2010	2009
Purchases from (sales to) related parties				
Dash Brick and Building Supplies (Pty) Ltd	-	-	-	(2,909,900)
Dash Brick and Building Supplies (Pty) Ltd	-	-	-	8,033,883
African Brick (Pty) Ltd	-	-	-	32,267,573
African Brick Lenasia (Pty) Ltd	-	-	-	16,148,221
Ibhayi Brick (Pty) Ltd	-	-	2,237,302	5,096,712
Rent paid to (received from) related parties				
Landton Properties (Pty) Ltd	-	-	150,480	-
Administration fees paid to (received from) related parties				
Brickveld (Pty) Ltd	(916,462)	-	(916,462)	-
Yakani Infraco (Pty) Ltd	411,561	-	411,561	-
African Brick (Pty) Ltd	-	-	(650,000)	-
African Brick Lenasia (Pty) Ltd	-	-	(450,000)	-
Dash Brick and Building Supplies (Pty) Ltd	-	-	(701,754)	-
Landton Properties (Pty) Ltd	-	-	(120,000)	-

32. DIRECTORS' EMOLUMENTS

EXECUTIVE

2010	Emoluments	Pension paid or receivable	Compensation for loss of office	Gain on exercise of options	Total
B. Blom	1,053,451	-	-	-	1,053,451
J.M. de Wet	1,384,695	-	-	-	1,384,695
	2,438,146	-	-	-	2,438,146
2009	Emoluments	Pension paid or receivable	Compensation for loss of office	Gain on exercise of options	Total
B. Blom	100,000	-	-	-	100,000
B. van Graan	553,212	-	-	-	553,212
B. Reyneke	930,456	-	-	-	930,456
T.C. Meyer	55,800	-	-	-	55,800
	1,639,468	-	-	-	1,639,468

32. DIRECTORS' EMOLUMENTS (continued)**NON-EXECUTIVE**

2010	Emoluments	Pension paid or receivable	Compensation for loss of office	Gain on exercise of options	Total
C. Strydom	21,000	-	-	-	21,000
S. Tati	80,000	-	-	-	80,000
L. Yanta	20,000	-	-	-	20,000
M.M. Patel	55,000	-	-	-	55,000
B. van Graan	165,999	-	-	-	165,999
H. Knoetze	274,662	-	-	-	274,662
	616,661	-	-	-	616,661

2009	Emoluments	Pension paid or receivable	Compensation for loss of office	Gain on exercise of options	Total
Dr O. van Graan	589,815	-	-	-	589,815
D.B. Mostert	61,800	-	-	-	61,800
M.J. Jack	49,800	-	-	-	49,800
	701,415	-	-	-	701,415

33. COMPARATIVE FIGURES

Certain comparative figures have been reclassified. Loans to group companies have been reclassified from current to non-current assets as the company has resolved not to call upon payments of these loans within the next twelve months.

The effects of the reclassification are as follows:

	Group		Company	
Figures in Rand	2010	2009	2010	2009

STATEMENT OF FINANCIAL POSITION

Non-current assets	-	-	-	12,371,600
Current assets	-	-	-	(12,371,600)
Non-current liabilities	-	-	-	(194,333)
Current liabilities	-	-	-	194,333

34. RISK MANAGEMENT**Capital risk management**

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The board of directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Group	Group	Company	
	Less than 1 year	Between 1 and 5 years	Over 5 years
AT 28 FEBRUARY 2010			
Trade and other payables	(8,970,543)	-	-
Instalment sale agreements	(704,658)	(969,451)	-
Other financial liabilities	(3,467,582)	(10,017,340)	-

AT 28 FEBRUARY 2009

Trade and other payables	(18,614,298)	-	-
Instalment sale agreements	(1,996,270)	(1,788,947)	-
Other financial liabilities	-	(1,017,688)	-

Company	Group	Company	
	Less than 1 year	Between 1 and 5 years	Over 5 years

AT 28 FEBRUARY 2010

Trade and other payables	(335,378)	-	-
Instalment sale agreements	(533,354)	(728,057)	-
Other financial liabilities	-	(10,014,384)	-

AT 28 FEBRUARY 2009

Instalment sale agreements	(1,589,076)	-	-
Trade and other payables	(10,986,336)	(533,354)	-
Other financial liabilities	-	(10,130,660)	-

Interest rate risk

The group's interest rate risk arises from borrowings and cash deposits. Borrowings and deposits issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk. During 2010 and 2009, the group's borrowings at variable rate were denominated in the Rand.

The group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies.

At 28 February 2010, if interest rates on Rand-denominated borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been R 221,751 (2009: R 170,496) and for the company the post-tax profit/loss for the year would have been R 158,354 (2009: R 161,056) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

CASH FLOW INTEREST RATE RISK – GROUP

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Standard Bank Medium Term Loan	10.50%	-	-	(10,017,340)	-	-
Instalment sale agreements	10.50%	(704,658)	(704,658)	(264,793)	-	-
Cash in current bank	10.50%	859,738	-	-	-	-
Short term loan – Yakani Infracore (Pty) Ltd	12.50%	(3,440,753)	-	-	-	-
Overdraft facilities used	10.50%	(7,033,458)	-	-	-	-
Bond over property – floating rate	10.50%	(26,829)	-	-	-	-

CASH FLOW INTEREST RATE RISK – COMPANY

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Standard bank Medium Term Loan	10.50%	-	-	(10,017,340)	-	-
Instalment sale agreements	10.50%	(533,354)	(533,354)	(194,703)	-	-
Overdraft facilities used	10.50%	(4,574,032)	-	-	-	-

Credit risk

Credit risk is managed on a group basis.

Credit risk consists mainly of cash deposits, cash equivalents, other financial assets and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

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Financial assets exposed to credit risk at year end were as follows:

Financial instrument	Group – 2010	Group – 2009	Group – 2008	Company – 2010	Company – 2009	Company – 2008
Trade and other receivables	9,984,105	21,795,789	17,010,813	842,940	13,675,175	16,523,543
Cash and cash equivalents	1,106,388	1,566,596	36,592,946	114,938	71,942	28,257,173
Other financial assets	2,844,294	840,844	5,294	2,839,000	835,550	-
Loans to group companies	-	-	-	19,420,580	12,614,348	402,748

Price risk

The group is exposed to equity securities price risk because of investments held by the group and classified on the consolidated statement of financial position either as available-for-sale or at fair value through profit or loss. The group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the group.

35. SEGMENT REPORT

Condensed consolidated segment report

Financial instrument	28 February 2010	28 February 2009
REPORTABLE SEGMENT ASSETS		
Retail	24,168,890	39,437,694
Manufacturing	70,526,935	75,113,147
Corporate	22,743,901	13,521,840
Eliminations	(20,792,038)	(9,948,612)
Total	96,647,688	118,124,069

REPORTABLE SEGMENT LIABILITIES

Retail	(13,519,001)	(17,739,187)
Manufacturing	(39,530,044)	(31,190,579)
Corporate	(14,150,777)	(13,543,446)
Eliminations	20,792,038	9,948,610
Total	(46,407,784)	(52,524,602)
Net asset value	50,239,904	65,599,467

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EXTERNAL CUSTOMERS	Feb 2010	Feb 2009
Retail	82,283,138	191,867,895
Manufacturing	6,580,303	-
Corporate	916,462	-
Inter-segment revenue		
Retail	-	9,585,223
Manufacturing	24,997,011	50,538,215
Eliminations	(24,997,011)	(60,123,438)
Total	89,779,903	191,867,895
Segment result before disclosed items		
Retail	(3,510,778)	(33,240,708)
Manufacturing	(6,349,695)	(39,847,661)
Corporate (Head Office)	(1,252,592)	(2,145,600)
Profit / (Loss) with sale of assets		
Retail	29,496	11,669
Manufacturing	189,617	22,966
Impairment	-	-
Retail	-	-
Manufacturing	(5,107,200)	-
Reportable segment profit / (loss)	(16,001,152)	(75,199,334)
Retail	(3,481,282)	(33,229,039)
Manufacturing	(11,267,278)	(39,824,695)
Corporate (Head Office)	(1,252,592)	(2,145,600)
Eliminations	-	-
Other profit or loss	-	-
Operating profit / (loss)	(16,001,152)	(75,199,334)
Investment revenue	203,108	1,074,693
Fair Value Adjustment	-	159,278
Finance costs	(1,966,008)	(1,538,360)
Profit/ (loss) before tax	(17,764,052)	(75,503,723)
Income tax expense	2,384,302	(521,155)
Profit/ (loss) after tax	(15,379,750)	(76,024,878)
Reportable segment assets		
Retail	24,168,890	39,437,694
Manufacturing	70,526,935	75,113,147
Corporate	22,743,901	13,521,840
Eliminations	(20,792,038)	(9,948,612)
	96,647,688	118,124,069
Reportable segment liabilities		
Retail	(13,519,001)	(17,739,187)
Manufacturing	(39,530,044)	(31,190,579)
Corporate	(14,150,777)	(13,543,446)
Eliminations	20,792,038	9,948,610
	(46,407,784)	(52,524,602)

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Notes to the segment report

Management review performance of the business against retail, manufacturing and corporate activities. The retail segment derives revenue from the sale of product acquired from the manufacturing segment and non related building material manufacturers and suppliers.

Client base consist agents trading under the African Brick Centre trading name, merchants and a contractor base.

Manufacturing segment manufacture semi face and stock bricks which are supplied at a market related wholesale price, mainly to the retail segment.

The corporate segment derives revenue from services rendered to group related companies at arms length.

36. PRIOR PERIOD ERROR – RESTATEMENT OF GOODWILL AND INTANGIBLE CLAY RESERVE

With the listing of African Brick Centre towards the end of 2007, the Company acquired a 100% shareholding in the manufacturing company, African Brick, which also mines clay (owns the rights to mine the clay) as well as a property company, Landton Properties, which owns the land and clay reserves (and the mining rights) on which premises African Brick currently mines the clay.

The clay reserves were never fair valued at date of acquisition resulting in only goodwill being raised.

The correction of the error(s) resulted in adjustments as follows:

The recoverable amount of clay mineral reserves has been determined on the basis of value-in-use calculations. The value-in use calculations use the cash flow projection method based on 2010 cash flow projections, discounted back at the weighted average cost of capital of 19%. Key assumptions used in the value-in-use calculations include budgeted revenue streams, production capacity and production volumes. Such assumptions are based on historical results and adjusted for anticipated future growth. The directors believe that any reasonable possible changes in the key assumptions on which the recoverable amount is based, would not cause the clay mineral reserves' carrying amount to further exceed its recoverable amount.

The useful life of clay mineral reserves is considered to be 20 years or 1.485 billion production units. Amortisation is calculated using the unit of production method. This method used is selected on the basis of the expected pattern of consumption of the expected future economic benefits. These assumptions are based on current market conditions.

The correction of the error's results in adjustments as follows:

STATEMENT OF FINANCIAL POSITION	2010	2009	2008
Goodwill – as previously stated	-	-	35,391,931
Adjustment as result of prior period error	-	-	(30,036,477)
Goodwill after adjustment for prior period error	-	-	5,355,454
Goodwill Total – Restated			5,355,45

Intangible assets

Clay rights	-	-	162,253
Clay reserves - as previously stated	-	-	-
Additions through business combinations	-	30,036,477	30,036,477
Accumulated impairment	-	(21,813,747)	-
Accumulated depreciation	-	(3,003,648)	(1,501,824)
Clay reserves after adjustment for prior period error		5,219,082	28,534,653
Intangible Total – Restated		5,219,082	28,696,906

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PROFIT OR LOSS	2010	2009	2008
Impairment			
Impairment of goodwill – as previously stated	-	(43,114,617)	-
Adjustment as result of prior period error – Impairment loss	-	30,036,477	-
Impairment of goodwill after adjustment for prior period error	-	(13,078,140)	-
Impairment of intangible – as previously stated	-	(162,253)	-
Adjustment as result of prior period error – Impairment loss	-	(21,813,747)	-
Reversal of impairment	-	-	-
Impairment of intangible after adjustment for prior period error	-	(21,976,000)	-
Amortisation of clay reserve as previously stated	-	-	-
Amortisation based on units of production	-	(1,501,823)	(1,501,823)
Amortisation of intangible after adjustment for prior period error	-	(1,501,823)	(1,501,823)
Total impairment through profit and loss, as previously stated	-	(43,276,870)	-
Total impairment through profit and loss after adjustment for prior period error	-	(36,555,963)	(1,501,823)
Profit and loss total - Restated	-	6,720,907	(1,501,823)
Accumulated movement through profit and loss	-	5,219,084	-
Reconciliation			
Loss for the period as previously recorded	-	(82,745,785)	-
Loss for the period – Restated	-	(76,024,878)	-
Net movement	-	6,720,907	-

37. HEADLINE EARNINGS	2010	2009
Profit attributable to ordinary shareholders	(15,379,750)	(76,024,878)
Impairment of assets	3,677,184	35,054,140
Profit on sale of assets (net of tax)	(157,761)	(23,287)
Headline earnings attributable to ordinary shareholders	(11,860,327)	(40,994,025)
Shares in issue	312,238,960	312,238,960
Shares in Issue – weighted average	312,238,960	312,238,960
HEPS (Cents) / (HLPS)	(3.8)	(13.1)

There is no factors existing during this reporting period which require the disclosure or calculation of diluted HLPS

38. EARNINGS PER SHARE		
Profit attributable to ordinary shareholders	(15,379,750)	(76,024,878)
Earnings attributable to ordinary shareholders	(15,379,750)	(76,024,878)
Shares in issue	312,238,960	312,238,960
Shares in Issue – weighted average	312,238,960	312,238,960
EPS (Cents) / (LPS)	(4.9)	(24.4)

There is no factors existing during this reporting period which require the disclosure or calculation of diluted LPS

SHAREHOLDERS



SHAREHOLDER ANALYSIS

Analysis of Ordinary Shareholders as at 26 February 2010

Size of Holdings	Number of hareholdings	% of Total hareholdings	Number of Shares	% of Shares In Issue
1 – 1000 shares	44	7.5%	27,926	0.01%
1001 – 10 000 shares	253	42.9%	1,263,129	0.40%
10 001 – 100 000 shares	225	38.1%	9,285,149	2.97%
100 001 – 1 000 000 shares	57	9.7%	13,338,687	4.27%
1 000 001 shares and over	11	1.9%	288,323,069	92.34%
Total	590	100%	312,237,960	100%

Distribution of Shareholders	Number of Shareholdings	% of Total Shareholdings	Number of Shares	% of Shares In Issue
Private Companies	13	2.20%	160,902,757	51.53%
Trusts	23	3.90%	111,359,265	35.66%
Retail Shareholders	530	89.83%	25,937,313	8.31%
Public Companies	2	0.34%	11,109,428	3.56%
Close Corporations	13	2.20%	1,936,230	0.62%
Retirement Benefit Funds	1	0.17%	408,150	0.13%
Treasury	2	0.34%	400,000	0.13%
Investment Partnerships	4	0.68%	120,780	0.04%
Custodians	1	0.17%	62,500	0.02%
Foundations & Charitable Funds	1	0.17%	1,537	0.00%
Total	590	100%	312,237,960	100%

Shareholder Type	Number of Shareholdings	% of Total Shareholdings	Number of Shares	% of Shares In Issue
Non-Public Shareholders	3	0.51%	159,641,360	51.13%
- Yakani Infracore (Pty) Ltd	1		159,241,360	51.00%
- Treasury	2		400,000	0.13%
Public Shareholders	587	99.49%	152,596,600	48.87%
Total	590	100%	312,237,960	100%

* SA Tati, Chairman and Non-Executive director has an indirect beneficial interest in Yakani Infracore (Proprietary) Limited

BENEFICIAL SHAREHOLDERS WITH A HOLDING GREAT THAN 3% OR MORE OF THE SHARES IN ISSUE	Number of Shareholdings	Total Shareholding	% of Shares In Issue
Yakani Infracore (Proprietary) Limited	1	159,241,360	51.00%
Beno Van Graan Trust	2	82,781,623	26.51%
The PJ Gouws Family Trust	1	14,970,757	4.79%
The Bernard Reyneke Family Trust	2	10,670,063	3.42%
Total	6	267,663,803	85.72%

Total number of Shareholdings	590
Total number of Shares in issue	- 312,237,960

SHAREHOLDERS

SHARE PERFORMANCE REPORT

Stock Exchange performance – ordinary shares	At close of business on 28 February 2010
Closing share price (cents)	12
PE ratio	-0.94
Earnings yield (%)	-106.42
Dividend yield (%)	0
Closing share price to net asset value per share (%)	74.58
Number of share transactions	554
Number of shares traded (000)	9,192
Value of shares traded (R000)	R 1,400
Volume traded as percentage of issued shares	2.94%
Market value per share	
- high (cents)	23c
- low (cents)	9c

SHAREHOLDERS' DIARY

Financial year end	28 February 2010
Financial results released on SENS	31 May 2010
Annual Report posted to shareholders	30 August 2010
Annual General Meeting	22 September 2010
Interim Report	October 2010

NOTICE OF ANNUAL GENERAL MEETING

African Brick Centre Limited

(Incorporated in the Republic of South Africa)

(Registration number 1999/006214/06)

JSE Share code: ABK ISIN: ZAE000105169

("the Company")

Notice is hereby given that the Annual General Meeting of the Company's shareholders will be held at African Brick Centre Limited, Farm 246, Luipaardsvlei, Krugersdorp on Wednesday 22 September 2010 at 10:00 to conduct the following business:

To consider and if deemed fit, to pass with or without modification, the following ordinary and special resolutions:

1. Ordinary resolution number 1: Adoption of the Annual Financial Statements

"RESOLVED that the annual financial statements for the Company and the Group for the year ended 28 February 2010, including the Directors' Report and the Auditors' Report therein, be and are hereby received and confirmed."

2. Ordinary resolution number 2: Re-election of Directors

2.1 "RESOLVED as on ordinary resolution that Mr L Yanta, who retires by rotation in accordance with the articles of association and, being eligible, offers himself for re-election, be and is hereby re-elected as a Director."

2.2 "RESOLVED as on ordinary resolution that Mr DTV Msibi, who retires by rotation in accordance with the articles of association and, being eligible, offers himself for re-election, be and is hereby re-elected as a Director."

2.3 "RESOLVED as on ordinary resolution that Mr MM Patel, who retires by rotation in accordance with the articles of association and, being eligible, offers himself for re-election, be and is hereby re-elected as a Director."

3. Ordinary resolution number 2: Confirmation of appointment of Director

"RESOLVED as on ordinary resolution that the appointment of Mr MP Shangase as Managing Director with effect from 28 February 2010 be and is hereby confirmed. "

Please refer to page 5 of the Annual Report for a biography of each Director.

4. Ordinary resolution number 4: Appointment of Auditors

"RESOLVED that SAB&T Chartered Accountants Inc. ("SAB&T") be appointed as auditors of the Company and Mr Bashier Adam, being a member of SAB&T, as the individual designated auditor who will undertake the audit of the Company for the ensuing year. "

5. Ordinary resolution number 5: Approval of Non-Executive Directors' fees

"RESOLVED as an ordinary resolution that the fees paid to the Non-Executive Directors for the financial year ended 28 February 2010 as contained as note 32 of the Annual Financial Statements, be and is hereby approved."

6. Ordinary Resolution Number 6 – Unissued shares to be placed under the control of the directors

"RESOLVED that, subject to the provisions of section 221 of the Companies Act 61 of 1973 ("the Act"), as amended, the authorised but unissued shares in the capital of the company be placed under the control and authority of the directors, and that authority be given to the directors to allot and issue, at their discretion, the unissued share capital of the Company for such purposes as they may determine, until the Company's next annual general meeting, subject to the provisions of the Act, the Company's Articles of Association and the Listings Requirements of the JSE Limited ("JSE")."

7. Ordinary Resolution Number 7– General authority to issue ordinary shares, and to sell treasury shares, for cash

"RESOLVED that the directors of the Company and/or any of its subsidiaries from time to time be and they are hereby authorised, by way of a general authority, to allot and issue ordinary shares or options in respect of all or any of the authorised but unissued ordinary shares in the capital of the Company; and/or sell or otherwise dispose of or transfer, or issue any options in respect of, ordinary shares in the capital of the Company purchased by subsidiaries of the Company for cash, to such person/s on such terms and conditions and at such times as the directors in their discretion deem fit, subject to the Act, the Articles of Association of the Company, the Listings Requirements of JSE and the following limitations:

- the securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- any such issue may only be made to public shareholders as defined by the Listings Requirements of JSE and not to related parties;

SHAREHOLDERS

- the number of ordinary shares issued for cash shall not in any one financial year in the aggregate exceed 50% (fifty percent) of the number of issued ordinary shares;
- this general authority is valid until the earlier of the Company's next annual general meeting or expiry of a period of 15 (fifteen) months from the date that this authority is given;
- an announcement giving full details, including the impact on the net asset value per share, net tangible asset value per share, earnings per share and headline earnings per share, and, if applicable, diluted earnings per share and diluted headline earnings per share, be released when the Company has issued ordinary shares representing, on a cumulative basis within 1(one) financial year, 5% (five percent) or more of the number of ordinary shares in issue prior to the issue;
- in determining the price at which an issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE of the ordinary shares over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the shares; and
- whenever the Company wishes to use ordinary shares, held as treasury stock by a subsidiary of the Company, such use must comply with the JSE Listings Requirements as if such use was a fresh issue of ordinary shares."

In terms of the Listings Requirements of the JSE, a 75% (seventy five percent) majority of the votes cast by shareholders present or represented by proxy at the general meeting must be cast in favour of ordinary resolution number 7 for it to be approved, excluding the Designated Adviser and the controlling shareholders together with their associates.

8. To consider and, if deemed fit, pass the following resolution as a Special Resolution:

8.1 Special Resolution: Acquisition of own securities

"RESOLVED that the mandate given to the Company (or any of its wholly owned subsidiaries) providing authorisation, by way of a general approval, to acquire the Company's own securities, upon such terms and conditions and in such amounts as the directors may from time to time decide, but subject to the Company's Articles of Association, the provisions of the Act and the Listings Requirements of JSE be extended, provided that:

- any repurchase of securities must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counter-party;
- at any point in time, the Company may only appoint one agent to effect any repurchase on the Company's behalf;
- this general authority be valid until the Company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution (whichever period is shorter);
- an announcement be published as soon as the Company has cumulatively repurchased 3% (three percent) of the initial number (the number of that class of share in issue at the time that the general authority is granted) of the relevant class of securities and for each 3% (three percent) in aggregate of the initial number of that class acquired thereafter, containing full details of such repurchases;
- repurchases by the Company, and/or its subsidiaries, in aggregate in any one financial year may not exceed 20% (twenty percent) of the Company's issued share capital as at the date of passing this special resolution or 10% (ten percent) of the Company's issued share capital in the case of an acquisition of shares in the Company by a subsidiary of the Company;
- repurchases may not be made at a price greater than 10% (ten percent) above the weighted average of the market value of the securities for the 5 (five) business days immediately preceding the date on which the transaction was effected;
- repurchases may not be made by the Company and/or its subsidiaries during a prohibited period as defined by the Listings Requirements of the JSE unless a repurchase programme is in place where the dates and quantities of securities to be traded during the relevant period are fixed and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period; and
- the Company may not enter the market to proceed with the repurchase of its ordinary shares until the Company's sponsor has confirmed the adequacy of the Company's working capital for the purpose of undertaking a repurchase of securities in writing to the JSE."

The reason for the passing of the above special resolution is to grant the Company a general authority in terms of the Act for the acquisition by the Company or any of its subsidiaries of securities issued by the Company, which authority shall be valid until the earlier of the next annual general meeting, or the variation or revocation of such General Authority by Special Resolution by any subsequent general meeting of the Company; provided that the general authority shall not extend beyond 15 (fifteen) months from the date of this general meeting. The passing and registration of this special resolution will have the effect of authorising the Company or any of its subsidiaries to acquire securities issued by the Company.

The directors, after considering the effect of the maximum repurchase permitted, must be of the opinion that if such repurchase is implemented:

- The Company and the Group will be able, in the ordinary course of business, to pay their debts for a period of 12 months after the date of this notice.
- The assets of the Company and the Group will be in excess of the liabilities of the Company and the Group, the assets and liabilities being recognised and measured in accordance with the accounting policies used in the latest audited annual Group financial statements for a period of 12 months after the date of this notice.

- The share capital and reserves will be adequate for the ordinary business purposes of the Company and the Group for a period of 12 months after the date of this notice.
- The working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of this notice.

Statement by the board of directors of the Company pursuant to and in terms of the JSE Listings Requirements:

The directors of the Company hereby state that:

- the intention of the directors of the Company is to utilise the authority if, at some future date, the cash resources of the Company are in excess of its requirements. In this regard the directors will take account of, inter alia, an appropriate capitalisation structure for the Company, the long-term cash needs of the Company and will ensure that any such utilisation is in the interests of the shareholders; and
- the method by which the Company intends to re-purchase its securities and the date on which such re-purchase will take place, has not yet been determined.

The following information, which is required by the JSE Listing Requirements with regard to the resolution granting a general authority to the Company to repurchase securities, appears on the pages of the financial statements to which this notice of annual general meeting is annexed, is indicated below:

- | | |
|--------------------------------------|---------|
| - Directors | page 5 |
| - Major shareholders | page 77 |
| - Directors' interests in securities | page 16 |
| - Share capital | page 60 |
| - Responsibility statement | page 15 |
| - Material changes | page 16 |

8.2 Litigation

There are no legal or arbitration proceedings, either pending or threatened against the Company or its subsidiaries, of which the Company is aware, which may have, or have had in the last 12 (twelve) months, a material effect on the financial position of the Company or its subsidiaries.

8.3 Voting

On a show of hands every shareholder present in person or by proxy and if a member is a body corporate, its representative, shall have one vote and on a poll, every shareholder present in person or by proxy and if the person is a body corporate, its representative, shall have one vote for every share held or represented by him/her.

In terms of the JSE Listings Requirements, any shares held by the Company's Share Incentive Scheme may not be taken into account in determining the results of voting on ordinary resolution number 7 and the special resolution.

8.4 Proxies

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the Company) to attend, speak and on a poll, to vote in his/her stead.

A form of proxy is attached for completion by registered certificated shareholders and dematerialised shareholders with own-name registration who are unable to attend the annual general meeting in person. Forms of proxy must be completed and received by the transfer secretaries, by no later than 10h00 on Monday 20 September 2010. Registered certificated shareholders and dematerialised shareholders with own-name registration who complete and lodge forms of proxy will nevertheless be entitled to attend and vote in person at the annual general meeting to the exclusion of their appointed proxy/ (ies) should such member wish to do so. Dematerialised shareholders, other than with own-name registrations, must inform their CSDP or broker of their intention to attend the annual general meeting and obtain the necessary Letter of Representation from their CSDP or broker to attend the annual general meeting or provide their CSDP or broker with their voting instructions should they not be able to attend the annual general meeting in person. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.

By order of the Board



Premium Corporate Consulting Services (Pty) Limited

Company Secretary

30 August 2010

ADMINISTRATION

Full name	African Brick Centre Limited
Country of incorporation	Republic of South Africa
Registration number	1999/006214/06
JSE share code	ABK
JSE ISDN code	ZAE000105169
Sector	ALTX
Website	www.africanbrick.co.za

Head office address	Farm 246, Luipaardsvlei, Krugersdorp
Postal address	PO Box 99, Rant en Dal, 1751
Telephone number	087 805 6717
Facsimile	011 953 4712
Email address	sales@africanbrick.co.za

Directors	
Non-Executive Chairman	SA Tati
Executive Directors	MP Shangase (Managing Director) B Blom (Financial Director)
Independent Directors	MM Patel L Yanta DTV Msibi
Non-Executive Director	WAF Strydom

Company Secretary and Registered Address

Premium Corporate Consulting Services (Pty) Ltd.
Unit 28, First Floor
Waterford Office Park
Cnr Waterford and Witkoppen Drive
Fourways
(P O Box 1078, Jukskei Park, 2153)
Telephone No.: (011) 658-0473/4
Facsimile No.: (086) 512-8872
sw@premcop.co.za

Transfer Secretaries

Link Market Services South Africa (Proprietary) Limited
16th floor, 11 Diagonal Street
Johannesburg 2001
(P O Box 4844, Johannesburg 2000)
Telephone No.: (011) 630 0800
Facsimile No.: (011) 834 4398

Designated Adviser

Grindrod Bank Limited
Bilding 3, 1st Floor North Wing,
Commerce Square
39 Rivonia Road, Cnr Helling Road
Sandton, 2196
(P O Box 78011, Sandton, 2146)
Telephone No.: (011) 459 1875
Facsimile No.: (011) 459 1893

Auditors

SAB&T Chartered Accountants Incorporated
119 Witch-Hazel Avenue
Highveld Technopark
Centurion, 0046
(P O Box 10512, Centurion, 0046)
Telephone No.: (012) 682 8800
Facsimile No.: (012) 682 8801

FORM OF PROXY

AFRICAN BRICK CENTRE LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1999/006214/06)

JSE Share code: ABK ISIN: ZAE000105169

("the Company")

To be completed by registered certificated shareholders and dematerialised shareholders with own-name registration only

Notice is hereby given that the Annual General Meeting of the Company's shareholders will be held at African Brick Centre Limited, Farm 246, Luipaardsvlei, Krugersdorp on Wednesday 22 September 2010 at 10:00.

Ordinary shareholders who have dematerialised their shares with a CSDP or broker, other than with own-name registration, must arrange with the CSDP or broker concerned to provide them with the necessary Letter of Representation to attend the Annual General Meeting or the ordinary shareholders concerned must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.

I/We (full name in block letters) _____ of (address) _____
Telephone (work) _____ (home) _____ being
registered owner/s of _____ ordinary shares in the Company hereby appoint
_____ or failing him/her _____ or failing him/her,
the Chairman of the Annual General Meeting, as my/our proxy to act for me/us and on my/our behalf at the Annual General Meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions to be proposed thereat and at any adjournment thereof; and to vote for and/or against the ordinary and special resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name(s), in accordance with the following instructions:

* Please indicate with an "X" in the appropriate spaces below how you wish your votes to be cast unless otherwise instructed, my/our proxy may vote as he/she thinks fit.

Number of votes

		For*	Against*	Abstain*
1.	Ordinary resolution number 1: Annual Financial Statements			
2.	Ordinary resolution number 2: Re-election of Directors			
2.1	L Yanta			
2.2	DTV Msibi			
2.3	MM Patel			
4.	Ordinary resolution number 3: Confirmation of appointment of MP Shangase			
5.	Ordinary resolution number 4: Appointment of Auditors			
6.	Ordinary resolution number 5: Non-Executive Directors' fees			
7.	Ordinary resolution number 6: To place unissued shares under the Directors' control			
8.	Ordinary resolution number 7: General authority to issue shares for cash			
9.	Special resolution: General authority to repurchase shares			

Signed this _____ day of _____ 2010.

Signature _____

Assisted by (if applicable) Signature _____

Please read the notes on the reverse.

NOTES TO THE FORM OF PROXY

1. On a poll a shareholder is entitled to one vote for each share held.
2. Forms of proxy must be lodged at, or posted to Link Market Services South Africa (Pty) Ltd, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000), to reach the Company by no later than 10:00 on Monday, 20 September 2010.
3. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholders' choice in the space/s provided, with or without deleting the words "the chairman of the Annual General Meeting". Any such deletion must be individually initialled by the shareholder, failing which they will not have been validly effected. The person present at the Annual General Meeting whose name appears first on the form of proxy and has not been deleted shall be entitled to act as proxy to the exclusion of the persons whose names follow.
4. Any alterations or corrections to this form of proxy have to be initialled by the relevant signatory/(ies).
5. Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder(s) of the Company) to attend, speak and vote (either on a poll or by show of hands) in place of that shareholder at the Annual General Meeting.
6. Voting instructions for each of the resolutions must be completed by filling the number of votes (one per ordinary share) under the "In Favour", "Against" or "Abstain" headings on the form of proxy. If no instructions are filled in on the form of proxy, the chairman of the Annual General Meeting, if the chairman is the authorised proxy, or any other proxy shall be authorised to vote in favour of, against or abstain from voting as he/she deems fit.
7. A shareholder or his/her proxy is entitled but not obliged to vote in respect of all the ordinary shares held by the shareholder. The total number of votes for or against the ordinary and special resolutions and in respect of which any abstention is recorded may not exceed the total number of shares held by the shareholder.
8. Documentary evidence establishing the authority of a person signing this form must be attached to this form of proxy unless previously recorded by the transfer secretaries of the Company or waived by the chairman of the Annual General Meeting.
9. This form of proxy is to be completed only by those shareholders who either still hold shares in a certificated form, or whose shares are recorded in their "own name" in electronic form in the sub-register.
10. Shareholders whose dematerialised shares are held in the name of a nominee and wish to attend the Annual General Meeting must contact their Central Securities Depository Participant ("CSDP") or broker who will furnish them with the necessary letter of authority to attend the Annual General Meeting. Alternatively, they have to instruct their CSDP or broker as to how they wish to vote. This has to be done in terms of the agreement between the shareholder and the CSDP or the broker.
11. Shareholders who wish to attend and vote at the meeting must ensure that their letters of authority from their CSDP or broker reach the transfer secretaries not later than 10:00 on Monday, 20 September 2010.
12. The completion and lodging of this form of proxy does not preclude the relevant shareholder from attending the Annual General Meeting and speaking and voting in person to the exclusion of any proxy appointed by the shareholder.
13. The chairman of the Annual General Meeting may accept or reject any form of proxy which is completed and/or received other than in accordance with these instructions, provided that he shall not accept a proxy unless he is satisfied as to the manner in which a shareholder wishes to vote.

Transfer secretaries' office

Link Market Services South Africa (Pty) Ltd,
16th floor, 11 Diagonal Street, Johannesburg, 2001
(PO Box 4844, Johannesburg, 2000)

AFRICAN BRICK CENTRE HEAD OFFICE

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